Taking Social Development Seriously

THE EXPERIENCE OF SRI LANKA

Laksiri Jayasuriya

Taking Social Development Seriously

Advanced Praise for the Book

This is a scholarly book of singular importance. It is also a powerful statement of timely significance for a deeply conflicted society that has just endured a quarter century of bloody civil war—Sri Lanka in 2010.

Professor Laksiri Jayasuriya has achieved that double success through a rare capacity to address social theory via a comparative lens, coupled with a deep appreciation of how past and present interact ... Sri Lanka may have had no Nelson Mandela to bring a statesmanship of Reconciliation, but it still has the wise reflections of this deep thinking and humane scholar.

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Professor Jayasuriya offers us an intriguing excursion into the history of social policy in Sri Lanka ... a revealing study in the political economy of social policy and one that emphasises the importance of the interplay of historical legacies and emerging post-colonial politics ... Sri Lanka may be 'a unique case' but the lessons that Professor Jayasuriya draws from its welfare history are by no means unique [only for Sri Lanka].

Roy Parker, Professor Emeritus of Social Policy, University of Bristol, the UK

Jayasuriya's study purposively draws us back to important ideas about the interaction of states and markets in achieving relatively equitable social development ... the author breaks out of the dominant economistic analysis of Sri Lanka's development experience. One of the elements of this theoretical fusion is an attention to the legacies of British colonial rule ... But this is not simply a work of history, for Jayasuriya is very much focused on what he calls the 'deteriorating contemporary human condition as a global malaise'.

Kevin Hewison, Professor, Department of Asian Studies, Director, Carolina Asia Center, University of North Carolina, USA

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The Experience of Sri Lanka

LAKSIRI JAYASURIYA

SAGE www.sagepublications.com
Los Angeles • London • New Delhi • Singapore • Washington DC

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First published in 2010 by

SAGE Publications India Pvt Ltd
B1/I-1 Mohan Cooperative Industrial Area
Mathura Road, New Delhi 110 044, India
www.sagepub.in

SAGE Publications Inc
2455 Teller Road
Thousand Oaks, California 91320, USA

SAGE Publications Ltd
1 Oliver's Yard
55 City Road
London EC1Y 1SP, United Kingdom

SAGE Publications Asia-Pacific Pte Ltd
33 Pekin Street
#02-01 Far East Square
Singapore 048763

Published by Vivek Mehra for SAGE Publications India Pvt Ltd, typeset in 10/12 pt Minion by Star Compugraphics Private Limited, Delhi and printed at Chaman Enterprises, New Delhi.

Library of Congress Cataloging-in-Publication Data

Jayasuriya, Laksiri.
Taking social development seriously: the experience of Sri Lanka/Laksiri Jayasuriya.
p. cm.
Includes bibliographical references and index.
1. Sri Lanka–Social policy. 2. Sri Lanka–Social conditions. I. Title.

HN670.8.A8J36 303.4095493—dc22 2010 2010020642

ISBN: 978-81-321-0465-0 (HB)

The SAGE Team: Elina Majumdar, Aniruddha De and Trinankur Banerjee

To
my father, late Walter Jayasuriya,
and
my wife, Rohini

Contents

List of Abbreviations ix
Foreword by James Midgley xi
Acknowledgements xv

1 Introduction 1

PART ONE: Social Development and Social Policy

2 Changing Ideas of Social Policy 15
3 Rethinking Social Development 33
4 Marshall and Citizenship Theorising 50

PART TWO: The Evolution of Social Development in Sri Lanka

5 The Formative Phase of Social Development in Sri Lanka 69
6 Welfarism and Democratisation in the Late Colonial State (1931–48) 88
7 Consolidation of the Welfare State 108

PART THREE: The End of an Era and Reframing Welfarism

8 Retreat from the Welfare State 139
9 Reclaiming Social Democracy: Charting a 'Third Way' for Sri Lanka 157
10 Postscript: Taking Stock after the Fall of Sri Lanka's 'Berlin Wall' 178

Afterword by Nimal Sanderatne 188
References 195
Index 214
About the Author 218

List of Abbreviations

APPF	Approved Private Provident Fund
ARC	Australian Research Council
CFA	Cease Fire Agreement
EPF	Employee Provident Fund
ESCAP	Economic and Social Commission for Asia and the Pacific
ETF	Employee Trust Fund
GDI	Gender-related Development Index
GDP	Gross Domestic Product
GNP	Gross National Product
GoSL	Government of Sri Lanka
HDI	Human Development Index
HPI	Human Poverty Index
ICES	International Centre for Ethnic Studies
IDP	Internationally Displaced Persons
ILO	International Labour Organisation
IMF	International Monetary Fund
JHU	Jathika Hela Urumaya
JVP	Janatha Vimukthi Peramuna
LMS	Licentiate in Medicine and Surgery
LSSP	Lanka Sama Samaja Party
LTTE	Liberation Tigers of Tamil Eelam
MDGs	Millennium Development Goals
MHDP	Million Houses Development Programme
MILEX	Military Expenditure
NGO	Non-governmental Organisation
NIEO	New International Economic Order
OECD	Organisation for Economic Co-operation and Development
PQLI	Private Quality of Life Index
PSPF	Public Sector Provident Fund
PSPS	Public Service Pension Schemes
RDS	Rural Development Societies

SAP	Structural Adjustment Programme
SLFP	Sri Lanka Freedom Party
SME	Social Market Economy
SNIA	System of National Income Accounting
TNCs	Transnational Companies
UN	United Nations
UNDP	United Nations Development Programme
UNP	United National Party
UNRISD	United Nations Research Institute for Social Development
WOPS	Widows and Orphans Pensions Scheme
WSSD	World Summit for Social Development

Foreword

Comparative social policy scholarship has made huge strides in recent decades. Much more information about the development of social policy, the factors that shape social policy, challenges to social policy and its likely trajectories in different countries in different parts of the world are now available. In the 1960s, when the first comparative studies were undertaken, international and comparative research focussed largely on a handful of European countries and the United States. Although there were some notable exceptions, very little research into the social policies of the developing countries or the Global South were published until the 1990s, when research of this kind became more commonplace.

Initially, comparative studies of social policy outside Europe and North America were primarily descriptive in nature, documenting the history and key features of social welfare systems in countries such as Mauritius, Hong Kong, Nigeria and South Africa. In time, studies of this kind documented the welfare systems of groups of countries and in addition, sometimes sought to identify the key features of the 'welfare regimes' of these nations. The East Asian countries were among the first to be subjected to this type of analysis but despite the claim that they comprised a distinctive welfare model, careful studies suggested otherwise, reinforcing the view that social policy invariably had idiosyncratic histories, features and political implications. Nevertheless, comparative research of this kind has facilitated more incisive theoretical speculation and raised the broader question of whether Eurocentric perspectives offer useful tools for analysis. In turn, some scholars have sought to approach the study of social policy in non-Western societies from conceptual perspectives that differ from the standard 'welfare state' approach used in Europe and North America.

The interdisciplinary field of development studies is one approach of this kind. Although development studies are undoubtedly rooted in Western social science and particularly in Western economics, it is sufficiently international in scope to transcend the limitations of conventional comparative social policy accounts. In addition, this approach sold social development as a syncretic approach which seeks to fuse the

insights of the social policy and the developmental studies traditions and offer an appropriate paradigmatic way of approaching the study of social policy in the nations of the Global South. However, very few social policy scholars have sought to adopt this perspective when examining the social policies on these nations and undoubtedly, a rich but largely unexplored field of documentary analysis and theoretical development awaits those who are willing to venture into this terrain.

It is in this regard that Professor Jayasuriya's new book on social development in Sri Lanka makes a major contribution. The author's personal knowledge as well as scholarly research into the evolution of social welfare, social policy and development in Sri Lanka and his analysis of its contemporary dynamics, exposure to global forces, political ramifications and likely future has produced a landmark study of significance for comparative social policy scholarship. His synthesis of the social policy tradition with development studies is theoretically innovative and points the way for future scholarly inquiry into social policy in the Global South.

The author demonstrates an astonishing facility in utilising the insights of development thinking with that of social policy analysis. He is equally at home with the work of Sen, Titmuss and Marshall and his ability to utilise these very different conceptual perspectives to an analysis of the specifics of Sri Lankan social policy development is highly instructive.

Perhaps his most significant contribution lies in his account of the colonial origins of the country's social welfare system and its comparatively unique approach to economic development, at least in the early years following independence. Like a handful of other countries in the South, Sri Lanka adopted an interventionist economic development strategy which did not replace the market with state socialism but instead used regulation, public investments, subsidies, education and health care programmes and other social services to combine economic growth with welfare objectives. Not surprisingly, Sri Lanka was often viewed as one of the developing world's few welfare states. Its egalitarian philosophy had directed the growth process towards raising the standards of living of the population as a whole. Although Sri Lanka did not record hyper growth rates, economic development was steady and sustainable, life expectancy surpassed that of many other low-income countries, and education and literacy reached western European levels. However, as Jayasuriya shows, the welfarism of the independence movement eventually faded and was replaced with a vigorous commitment to market liberalism, which, as in many other developing countries, produced higher inequality, poverty and deprivation. To make matters worse, ethnic conflict has plunged the nation into a civil war, resulting in great suffering for large numbers of people.

The author's historical perspective has important lessons for the analysis of social policy in different parts of the world. The colonial era is now largely forgotten but, as the author shows, its legacy cannot be ignored. He also shows that an understanding of the institutions that foster (or detract) from social well-being cannot focus narrowly on welfare services or on the other hand on economic policy. His synthesis of the insights of Western social policy and development is richly enveloped in an historical account which is pioneering and satisfying. It deserves to be replicated in future studies of social policy in the developing world.

James Midgley
Harry and Riva Specht Professor and Dean Emeritus,
University of California, Berkeley

Acknowledgements

This book has its origins in a research project on comparative social policy funded by the Australian Research Council (ARC) which led to this study of social development in Sri Lanka. The ARC research project enabled me to continue my scholarly interests in Sri Lankan studies dating back to my days in the Department of Sociology, University of Peradeniya and later in the newly established Department of Sociology and Social Welfare, University of Colombo, where I held the Foundation Chair. I treasure and recall fond memories that I have of Sri Lanka, a country to which I am deeply indebted, with much nostalgia, but, I must confess, tinged with much sadness about the recent past.

This volume presents what is best described as an 'insider/outsider' perspective on Sri Lanka, which is cast strictly within an academic and scholarly genre. As acknowledged in an earlier volume of mine, *Welfarism and Politics in Sri Lanka* (2000), I am deeply appreciative of the generous help and advise I have received from many friends, colleagues and former students in Sri Lanka and Australia. I owe a special word of thanks and appreciation to the University of Western Australia (UWA) and in particular to the staff and colleagues in Social Work and Social Policy, School of Social and Cultural Studies, UWA who have assisted me in numerous ways.

A special word of thanks to Jimmy Midgley for his warm support and encouragement of this research project and for the honour and privilege he conferred on me by contributing the Foreword. Likewise, I am thankful to Nimal Sanderatne, a friend and colleague of many years, for his collegial help and support for years and, above all, for contributing an Afterword.

Among the many who have given their time generously in assisting me, I would like to express my sincere thanks to Mike Clare, Sue Young, Rosa Catalano, Graeme Rymill, Craig Mackenzie, Helen Bailey, Jessica Hillman, Gamini Fernando and Elizabeth Spoor. I am especially indebted to the SAGE editorial and production team of Elina Majumdar, Aniruddha De and colleagues for their professional expertise and patience. But my greatest debt and thanks are due, in a variety of ways, to my family Rohini, Kanishka and Pradeep. Kanishka, in particular, has made an invaluable contribution

with his scholarly expertise. Needless to say, as with all others who have contributed to this work, the usual disclaimer applies.

Finally, I dedicate this volume to my late father, Walter Jayasuriya, who inspired me to devote my life to scholarship and public engagement in the pursuit of social ideals, and to my dear wife, Rohini, who has shared in many ways the work that has gone into the production of this volume. Without her many skills and talents, this work would never have seen the light of day and for all this, she surely deserves co-authorship status.

1

Introduction

Sri Lanka, or Ceylon until 1972, which gained independence from British colonial rule in 1948, has an enviable record of social development and is regarded in the literature as an outlier. When development experience is assessed on measures of development, which look beyond economic criteria such as per capita Gross National Product (GNP), Sri Lanka clearly stands out as a middle-to-low-income country which has not sacrificed ensuring minimum standards of welfare and social well-being for economic growth per se (Isenman 1980; Sen 1988a; and World Bank 1978). What is distinctive of the Sri Lankan development experience over the last five decades is that, for a non-industrialised developing country, relatively low on per capita Gross Domestic Product (GDP), it still rates relatively high on measures of development such as Private Quality of Life Index (PQLI) evolved to assess a country's progress towards achievement of 'basic needs' relating to health, education, nutrition, housing, and so on. Using an early measure of human development, the PQLI, based on levels of life expectancy, infant mortality and literacy, Sri Lanka was cited as 'the most widely noted case' (Moon 1991: 12) of an overperforming country when compared alongside its rating on per capita GNP which is a measure of economic well-being. For example, Sri Lanka, despite enjoying in 1991 a PQLI rating of 82, almost identical with that of Singapore (PQLI of 83), had a much lower rating on per capita GNP of USD 179 as against USD 2,111 for Singapore (Moon 1991).

The success of Sri Lanka's development policy strategy for a developing country is best revealed by considering Sri Lanka's standing on the widely used Human Development Index (HDI), replacing indices such as the PQLI, developed by the United Nations Development Programme (UNDP). The HDI[1] is an aggregate quantitative measure which indicates

a country's relative standing of its overall level of human development or social well-being. This measure endorses a 'support-led security' strategy which maintains that 'development' as 'human development' focuses on such factors as human freedom, dignity and human agency or the centrality of people in development (Sen 1981a). It was this mode of reasoning, arising from the pathfinding work of the development economist, Amartya Sen, which led to the UNDP conceptualisation of human development (see Chapter 3). In short, for Sen, human development was ultimately a process of enhancing or increasing people's choice, not just a question of raising national incomes (UNDP 2005).

On HDI ratings, Sri Lanka stands out as an outlier with a far better ranking in comparison with her per capita GDP ranking. Thus, in 2007, out of a total of 182 countries, Sri Lanka had a far better HDI ranking at 102 than its standing at 115 on the per capita GDP index (UNDP 2009). Sri Lanka's HDI ranking in fact would have been much higher if not for the devastating effects of the ethnic conflict since 1983 (Bhatt and Mistry 2006). The HDI ranking for Sri Lanka in 2007 is also substantiated on a range of other measures relating to social indicators such as 91 per cent adult literacy rate, infant mortality rate of 15 per 1,000 live births and life expectancy of 74 years (UNDP 2009).[2] This is close to the estimated lifespan in some developed countries. For example, wealthier countries such as Brazil, South Africa and Gabon have shown 'a significantly lower ability to survive premature mortality (with life expectancies varying between 54.5 and 66.6 years) than do lower income countries of Sri Lanka, Vietnam and China with life expectancy ranging from 72.5 to 64.5 years' (Kawachi and Kennedy 2002: 41).

Sri Lanka also compares favourably with other selected countries on underlying social indicators such as the Human Poverty Index (HPI) of 16.8 per cent with a rank of 67 among 135 developing countries (UNDP 2009). Furthermore, Sri Lanka rates as the best performer among the countries of South Asia on composite social measures such as the HDI and also on the Gender-related Development Index (GDI) which captures gender inequalities on the same criteria used in the HDI (D. Jayawardene 2007). More recently, Sri Lanka has fared well at the half-way mark in 2008 on progress towards achievement of the eight Millennium Development Goals (MDGs)[3] (Department of Census and Statistics 2008). At mid-term, despite the adverse effect of the civil war on social development, Sri Lanka is rated as an *early achiever* on five of the MDGs and *on track* on the remaining goals (Economic and Social Commission for Asia and the Pacific, ESCAP 2007). There is no doubt overall that Sri Lanka's

achievement, relative to comparable countries assessed on a range of social indicators, is, indeed, a 'celebrated case of high social attainments for a poor country' (Sanderatne 2000: 99).[4]

It is now well acknowledged in the development literature that Sri Lanka's outstanding achievement of relatively high to moderate living standards has been mainly due to its carefully structured social policy agenda over many years (Osmani 1994). Admittedly over the last three decades, there has been some decline overall in living standards and a sharpening of social inequalities. This has been in part due to the adverse social effects of neo-liberal economic policies, much of which has been due to the privatisation of key social welfare services. In addition, these effects have also been compounded by the harsh effects of protracted social conflicts since the 1980s, notably the ongoing civil war between the state and Tamil militants, on social well-being. Surprisingly, despite these constraints, Sri Lanka still continues to perform reasonably well on measures of development, such as the HDI and the MDGs.

It is, however, a regrettable lacuna of the social policy and development literature that Sri Lanka's development experience has been hitherto examined primarily as an aspect of economic policy (Boulding 1967), and based on measures of economic growth such as per capita GNP or GDP. On this score alone, the Sri Lankan experience warrants greater systematic scrutiny and scholarly understanding. With a view to redressing this imbalance, this study endeavours to examine Sri Lanka's social development experience as an integral aspect of social policy. This is conceived along the lines of other similar historically focused studies of social policy in North America and Western Europe, especially in the Scandinavian countries and the United Kingdom (Alcock and Craig 2001). Such an historical approach, it could be argued, has much to offer students of social development in developing societies.

This, in fact, is well acknowledged in a recent study by Sandbrook et al. (2007) focusing on social democracy in the global periphery—referring to developing countries in contrast to those of the advanced industrialised countries of the West. Sri Lanka was a notable omission among the countries cited—Kerala, Costa Rica, Mauritius and Chile—all of which were selected primarily on the grounds of their long history of social democracy. Amartya Sen (1992) was perhaps the first developmental theorist to highlight the importance of an historical perspective in development theorising. Thus, for instance, Sen (1992: 400) argued that Kerala's success in 'the important space of basic capabilities has to be sought in the history of public policy ... [which] goes back a long time in the nineteenth century.'

This neglect of an historical perspective in the analysis of a country's development experience was also evident, according to Dreze and Sen (1989), in the work of analysts of Sri Lanka's development experience such as Bhalla and Glewwe (1986) and Bhalla (1988). These analysts, by failing to acknowledge the 'timing of Sri Lanka's public interventions [had come] to the spurious conclusion that Sri Lanka's achievements are not exceptional' (Dreze and Sen 1989: 228). By contrast, we specifically examine the 'long history of social interventions in Sri Lanka' (Osmani 1994: 400) with a view to presenting an historical and institutionalist account of social policy developments in Sri Lanka, by considering how current institutions reflect the impact of previous political conflicts and struggles (Thelen 1999).

Also central to this quest to analyse Sri Lanka's social development experience is that we conceptualise (see Chapter 2) social policy not just as a key element of social development but also as its defining feature. Stated differently, social policy is regarded not as a technical exercise in public policy but as a central feature of 'all forms of collective interventions such as fiscal, occupational and social programs that contribute to general welfare' (Rein 1970: 4). Indeed, as Titmuss (1963), one of the pioneers in the study of social policy, observed, 'social policy is concerned with social purposes' and should not be seen simply as a tool for reaching decisions. In other words, the study of social policy qua social policy is focused on the nature, rationale, objectives and social consequences of public policies dealing with welfare. Bearing in mind Titmuss's injunction about the underlying rationale of social policy, this study seeks to present an historical analysis of the role of social policy in social development. Accordingly, contrary to much of the conventional literature, we argue that social policy institutions are path dependent on earlier historical patterns of development.

Hence, Sri Lanka's recent social development experience is analysed primarily as a legacy of British colonial rule. In this regard, a key proposition of this study is that the origins of the Sri Lankan welfare state, a defining feature of Sri Lanka's social development, are located at the interstices of colonial social policy, in particular, the formative ideas of social liberalism that were influential in Britain in the first half of the 20th century. An underlying assumption of this study is that colonial social policy cannot completely be separated from the intellectual milieu of British social policy as it evolved from the 19th- and 20th-century Poor Law, through Beveridge and Keynes, and leading up to the welfare state ideology adumbrated by theorists such as Titmuss and Marshall.[5]

There is no doubt that the social and political culture and associated institutions of Sri Lanka including the welfare state policies were heavily anchored to British social and political ideologies. These were 'transplanted from Britain and depended for its entrenchment on the grafting of British culture and traditions upon the aristocracy and upper middle class' (Jupp 1978: 219). Hence, one of the main objectives of this study is to analyse the colonial foundations of social policy developments by considering how social policy institutions in part emerged through a process of diffusion (Midgley 1984b) from the early to the late colonial state in Sri Lanka. In this context, Sri Lanka stands out as a classic instance of the transfer of social ideals and policy prescriptions such as Western models of social policy including that of a 'welfare state' from the metropolitan core to the colonial periphery.

Not surprisingly, Sri Lanka, acknowledged as 'the premier colony' under British rule, is of special significance for those engaged in the growing field of 'Empire Studies'.[6] This is mainly because Sri Lanka (or Ceylon as it was then known) was used as a testing ground for British political ideals of constitutional liberalism in a range of social and political institutions such as the rule of law and a judicial system, free and fair elections and the freedom of assembly and religion. For instance, Sri Lanka was one of the first colonial countries to have a jury system and universal franchise just seven years after it was introduced in Britain. This was subsequently followed at the time of independence with the introduction of Westminster-style parliamentary institutions such as a representative legislature and the separation of powers. It was even 'suggested [as being] the prototype and model for the new Commonwealth of the latter part of the 20th century' (Jeffries 1962: ix).[7]

This, in many respects, serves to underline the importance of 'constitutionalism'[8] as a distinctive feature of British colonial policy in Sri Lanka, closely associated with the processes of modernisation and democratisation. In fact, in the light of Sri Lanka's propensity for constitutional changes, 'only the French have shown a greater preoccupation with constitutional reform' (Russell 1982: xvii). Stated differently, Sri Lanka was not just the senior colony of the empire but also a constitutional pioneer (Wright 1950). And more importantly, this political institutional infrastructure laid the groundwork for the key role of 'adversarial politics' in public action or the ability of citizens to organise and exert pressure on their governments (Dreze and Sen 1989).[9]

However, it also needs to be acknowledged that the reception of British political and social ideas was no doubt greatly facilitated not only by

Sri Lanka's long and rich heritage as a fully developed civilisation nearly 2,000 years old but also by its exposure to foreign influence. Prior to annexation by the British in the 19th century, Sri Lanka was first colonised by the Portuguese (1505–1658) and later by the Dutch (1658–1794) with each of these western colonial powers leaving their own particular legacy for the future (de Silva 1981; Ludowyck 1967). There is no doubt that the colonial predecessors of the British, particularly the Dutch, enabled the British 'to build their own pattern of colonial administration' (Phadnis 1973: 47). The cumulative effect of this varied and enriching civilisational experience has undoubtedly played an important part in enabling Sri Lanka to be regarded as an exemplar in social development for a developing country.

In analysing Sri Lanka's exceptional achievement in human development, the historical perspective we have adopted identifies three distinct and defining phases or periods of social policy development—the *early*, *late* and *post-colonial* state. The early colonial state (1833–1931) represents the formative phase of social policy focused primarily on modernisation, development of a plantation economy and an institutional fabric appropriate for a colonial political economy. It was during the period of the early colonial state that Sri Lanka experienced the European-exported modernity via colonialism.

The more recent period of the late colonial state (1931–77) is distinctive in that it is marked by two ostensibly different sub-periods: pre-independence (1931–48) and post-independence (1948 onwards). The pre-independence period which covers the political and social developments associated with a period of semi-autonomous rule denotes the 'developmental phase' associated with democratisation, constitutionalism and the beginnings of the welfare state. And, as in other parts of the colonial world, this phase included 'the idea of a unified nation-state with a dominant national language, an industrial economy, a national schooling system, and modern technology' (Rossow 2008: 4).

The post-independence period refers to political, economic and social changes that occurred following the achievement of full sovereignty and independent status. The first three decades of the post-independence era (1948–77) state constitute a highly politically significant period in that it marks the transition from a colonial to an autonomous independent state committed to social democracy and the welfare state.[10] But this period, above all, highlights the tensions and contradictions inherent in a self assertive newly independent nation seeking its own identity in the community of nations (Wickramasinghe 2006a). These three decades of

post-independence (1948–77) warrant special consideration as a period of social and economic transformation driven by a state of crisis due to a clash of institutional orders—the metropolitan and local—alongside concurrent socio-economic changes (Gooneratne 1992).

In this periodisation of Sri Lanka's contemporary history, the post-independence period constitutes a critical period because it laid the foundation for the emergence of a 'post-colonial state' linked to 'post-colonialism',[11] which in the literature on 'post-colonial studies' is understood as referring to the abandonment of the cultural attitudes, beliefs and social practices characteristic of European hegemony and embedded in the colonies. With the achievement of independence from colonial rule, we witness pressures towards reclaiming a lost past in the emergence of new cultural narratives and search for appropriate socio-political structures. In short, the post-colonial era bears witness to 'the process of decolonisation [which] requires the rejection of the imperialist legacy and its substitution by an authentic indigenous perspective' (Midgley 1998: 34).

However, unlike most theorists of Sri Lanka's recent social and political history, we argue that the Sri Lankan post-colonial state (1977 onwards) was not synonymous with independence from colonial rule and the consequential political, economic and social reforms that flowed from gaining independence from colonial rule in 1948. This was clearly a transitory phase in which the old order continued to prevail with the dominant power structures still firmly in the control of the 'Western educated élite', entrenched in the metropolitan culture (Singer 1964). What is most evident in this critical phase of development is the prospect of a 'changing of the guards' with the emergence of a new political élite driven by an assertive cultural nationalism based on language and religion (De Votta 2007; International Crisis Group 2007). These post-independence developments admittedly mark a new phase in the evolution of the modern Sri Lankan society, a precursor to post-colonialism and the post-colonial state.

Importantly, the politics of the post-colonial state was to be heavily driven by two key factors: constitutional changes to the political order and the growing dominance of 'two competing nationalisms—the Sinhalese and the Tamils' (Phadnis 1959: 205). The radical changes made to the constitution in 1977 witnessed the rejection of the Westminster-style political system inherited from colonial rule and its replacement with a Gaullist-style Executive Presidential system of government. These far-reaching changes were engineered by a Centre Right, conservative government ideologically committed to a neo-liberal political and economic ideology in the mould of the Thatcher (UK) and Reagan (USA) era of the 1970s.

On the other hand, the nationalist ideology which was beginning to dominate the social and political climate was of a twofold nature. One was the Sinhalese nationalism of the South, driven by the search for an authentic national identity and the empowerment of the disfranchised Sinhalese youth (De Votta 2007; Farmer 1965). The latter took the form of the youth revolt of the 1970s and the armed rebellion of the 1980s (Halliday 1971; Moore 1993). The other was the Tamil nationalism (Arasaratnam 1979; Wilson 2000), epitomised in the armed insurgency of the Tamil militants, seeking an independent homeland in the North. Subsequently, this militant Tamil nationalism was manifest as a civil war, waged between the hegemonic state of the majority Sinhalese in the South and the minority Tamil rebels in the North (Jayastilleke 1995; Uyangoda 2007). From the point of view of this study, it will be argued that it is the conjunction of these social movements and political changes that resulted in a significant reorientation of the state apparatus from *welfare* to *warfare*.

In examining the logic and rationale of social policy as a determining factor in Sri Lanka's social development, this study is organised in three parts. Part One deals with some of the conceptual and theoretical issues pertaining to the analysis of social policy as social development. Parts Two and Three, which constitute the main thrust of this study, provide an historical overview and analysis of the how, why and wherefore of social policy as an integral component of Sri Lanka's social development experience since the 19th century.

Part One (Social Development and Social Policy) draws pointed attention to the complex relationship between economic, social and political developments. The main focus in Chapter 2 is on an attempt to link the theory and practice of social policy with development theorising by analysing changes in development thinking and the conceptualisation of social policy and the welfare state. Chapter 3 highlights the new rationale of social development associated with the pathfinding work of Amartya Sen in development economics. The linkages between political, economic and social developments are particularly relevant to understanding Sri Lanka's social development as a political project inherited from British colonial policy. Consequently, social policy theorising was modelled very much on the British social policy tradition which gives priority to public welfare as an effective and desirable means of meeting social needs. This conceptual rationale, as it relates social policy developments, is documented in Chapter 4 mainly by drawing on the influential work of the British sociologist, T.H. Marshall, through his work on citizenship and welfare. The

Marshallian notion of citizenship as *political* and *social* citizenship, which had a dominant influence on the thinking of the British welfare state, we argue, has been central to the social democratic project in Sri Lanka.

Part Two (The Evolution of Social Development in Sri Lanka) enumerates the key features of Sri Lankan social policies, in particular the construction of a welfare state in a developing country. This historical overview and analysis of social development is seen largely as a consequence of the impact of the philosophy of British colonial policy on the domestic political coalition that emerged following the gaining of independence from Britain. These influences (Chapters 5 and 6), however, serve to characterise the modernisation and democratisation of Sri Lankan society during the 19th century and the early part of the 20th century. It is, of course, the emergence of the Sri Lankan welfare state (Chapter 7) which remains a puzzle for the theorists of social welfare and social policy. Hopefully, this study will provide a more informed understanding of Sri Lanka as a unique case of a welfare state in a developing country.

Part Three (The End of an Era and Reframing Welfarism) focuses on the more recent phase of social development in the post-colonial state which is linked to the political regime that came into power in 1977 (Chapter 8). This new regime, modelled on a neo-liberal political and economic ideology, signalled a paradigm shift in the thinking about social policy and welfare that resulted in a radical restructuring of the welfare state into what may be termed a 'welfare mix' (Alcock and Craig 2001) characterised by the idea of 'social protection' based on a modified 'social safety net' approach to welfare. More importantly, this also coincided with the intensification of the ethnic conflict from 1983 onwards, which took the form of a civil war between the state and the dissident Tamil minority in the North and East (see Chapter 10).

Finally, we consider in Chapter 9 the future prospects for social development and, more generally, the social democratic project, by examining what is likely to be involved in the quest for a new social policy agenda capable of reclaiming the lost ideals of a welfare state. In the light of the unforeseen dramatic events which brought the civil war of nearly 25 years to an end, we have added in Chapter 10 a Postscript entitled 'Taking Stock after the Fall of Sri Lanka's "Berlin Wall"' to reflect on the likely impact of these events, in particular the increasing militarisation of the Sri Lankan polity on the future prospects for social development in Sri Lanka.

In conclusion, it needs to be emphasised that unlike previous literature, which has concentrated mainly on the complex relationship between

welfare and growth in Sri Lanka, this study steers a different course not only by focusing on social policy as social development but more importantly by exploring the historical foundations of social policy institutions. As we have endeavoured to show, Sri Lanka was, indeed, a model social democracy in a developing country framed very much in terms of the British welfare state. But, given the radical domestic political, social and economic changes of the past few decades and the rapidly changing global environment, we pose the critical question whether Sri Lanka can in the foreseeable future reclaim its lost legacy as an exemplar social democratic state in a developing country.

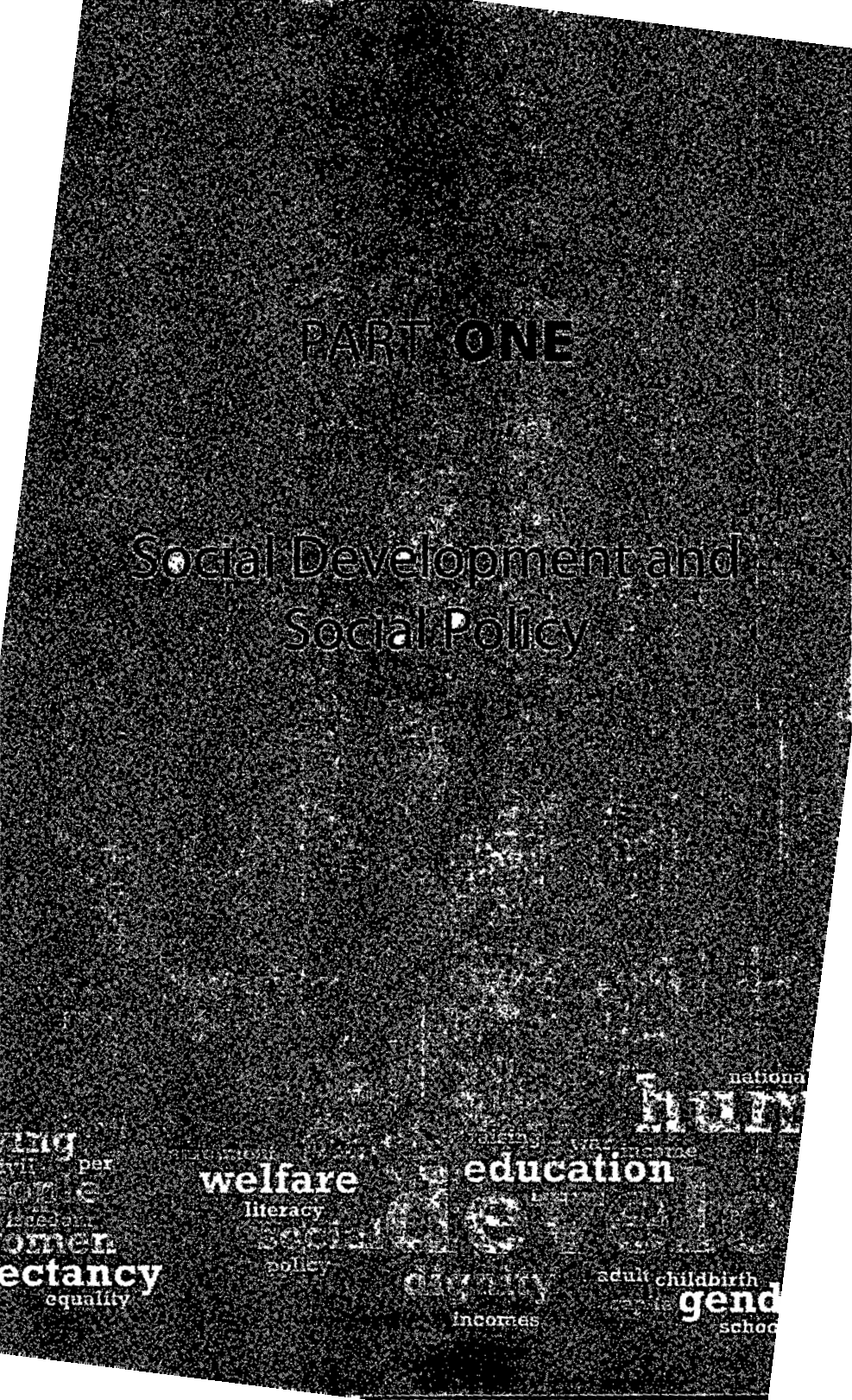
Notes

1. The HDI, developed in 1970, looks beyond GDP as a measure of well-being and is a composite measure of human development based on three dimensions: health, education and standards of living. These relate to four indicators: life expectancy, adult literacy, school enrolment and GDP per capita income.
2. The HDI for Sri Lanka estimated as an average for 5-year periods, from 1975–80 to 2000–05, was 0.619, 0.684, 0.675, 0.679, 0.699, 0.722 and 0.759. This trend indicates only marginal improvements since 1980 in overall measures of well-being, mainly due to the impact of two armed rebellions—the Sinhala youth revolt and Tamil insurgency.
3. The MDGs refer to the international social compact facilitated by UNDP to improve the quality of life and social well-being in developing countries. The MDGs cover eight goals: end poverty and hunger, achieve universal primary education, promote gender equality, reduce child mortality, improve maternal health, combat HIV/AIDS, malaria, and so on, ensure environmental sustainability and provide partnership (ESCAP 2007). The Department of Census and Statistics (2008) also provides a comprehensive overview of data relating to the mid-term review of MDGs.
4. For detailed data on health, education, status of women, malnutrition, suicide, ageing, and so on, see Department of Census and Statistics (Government of Sri Lanka 2000).
5. See Thane (1996), Gilbert (1970) and Bruce (1961) for early developments in British social policy; for policies relating to the British welfare state in the 20th century, see Glennerster (1995) and Laybourn (1995).
6. See, for instance, *The Oxford History of the British Empire Companion Series* edited by Prof. W.M. Louis of the University of Texas for the Oxford University Press, New York.
7. Sir Charles Jeffries, a leading British civil servant in the Colonial Office and former Deputy Permanent Undersecretary, had an important role to play in the development of colonial policy. He also had 'a great deal to do with the last stages of Ceylon's progress to independence' (Creech Jones, MP, Foreword to Jeffries 1962).
8. Russell (1982) notes that Sri Lanka experienced no less than six different constitutions prior to the Donoughmore Constitutions in 1931, and more post independence. See also Coomaraswamy (1984), Fernando (1999) and Edirisinha and Selvakkumaran (1999) on constitutionalism in Sri Lanka.

9. In a study of the 'Kerala model', Jeffrey (2001, 2009) points to the role of adversarial politics and print media. Similarly, Roberts (1979b) maintains that welfarism in Sri Lanka was driven by universal suffrage and competitive parliamentary politics.
10. Fernando (1999) observes that there are obvious periods of transition in phases of political development and identifies 1977 rather than 1970 as the beginning of the new period, which we have identified as the 'post-colonial state'.
11. See Srivastava (1998), Mamdani (2001) and Wickramasinghe (2006a) for a discussion of 'post-colonialism'.

PART ONE

Social Development and Social Policy



2

Changing Ideas of Social Policy

The primary subject matter of social policy is egalitarianism; that is, concern with the problems of the more equitable distribution of social goods.

—Martin Rein (1976)

Understanding Social Policy

Social policy as an intellectual discourse and a key aspect of public policy has evolved mainly in the North (the advanced industrialised countries of the West) and is seen as a defining feature of the democratic capitalist state in the West. This rationale is, with modification, being incorporated into the South as a part of a development studies agenda. There has, in fact, been a strong tendency to link development studies to social policy, particularly after the Copenhagen World Summit on Social Development in 1996. There has, in fact, been a growing convergence of these two different traditions of social policy and development studies (Deacon 1997); and more recently, Hall and Midgley (2004) have argued that the time is ripe for considering systematically the role of social policy in the development process.

In this context, this essay will endeavour to present an overview and analysis of the current state of social policy thinking particularly from a comparative perspective. However, as a preamble to this overview of the current state of social policy thinking, it would be useful to clarify briefly the nature and scope of social policy as an intellectual discourse or field of study. There is, admittedly, some fuzziness about the boundaries of social policy in establishing its distinctive domain and in distinguishing social policy from other aspects of public policy, in particular, economic policy (Mishra 1977).

Social policy, as an aspect of public policy, refers to 'all forms of collective interventions such as fiscal, occupational, and social programmes that contribute to general welfare' (Rein 1970). Stated differently, social policy is understood as referring to courses of 'action' or 'inaction' pursued by governments oriented towards social welfare goals, that is, some negative conceptions of avoiding harm or a positive conception of human well-being. The notion of *well-being* as human welfare is understood in a variety of ways. This may be in terms of the satisfaction of human needs, achieving human capabilities or achieving equity or justice, all of which remain the subject of considerable theoretical and philosophical speculation. Central to the characterisation of social policy as an aspect of individual and social well being is the concept of *need*, which is critical for the study of social policy. This is mainly because the notion of welfare which is implicit in social policy is about need fulfillment or satisfaction. For this reason, arguments about social and economic rights revolve around the concept of need. Needs are universal, unlike *wants* which relate to individual preferences.[1] Social policy concentrates on a range of human needs, extending from basic needs necessary to avoid deprivation, and others identified as social needs.

Human needs have been classified in a variety of ways. Doyal and Gough (1991), for example, distinguish between basic or survival need, intermediate needs, such as nutrition, sanitation and health care, and those preconditions for improving levels of welfare. Another well-known classification is Maslow's (1950) hierarchy of needs, extending from physiological needs, security/safety needs and self-esteem to self-actualisation. Societies have different ways of meeting social needs (for example, the family, community structures or through institutionalised arrangements) and one can identify distinct policies and services linked to the social goals relevant to the satisfaction of normative or felt needs.[2] As against normative needs identified by professionals and experts, felt needs relate to anything individuals or groups feel themselves to need.

The main thrust of social policy analysis has been to determine how we identify and measure these needs; above all, to analyse how societies provide for these needs collectively by the state and/or in other ways (for example, within the family or by voluntary charitable organisations). Stated briefly, social policy is concerned with a range of human needs and the social institutions devised to meet them. Table 2.1 sets out the link between Needs, Goals and Services which demonstrates the difference between *Policies* and *Programmes*.

Table 2.1 Social needs, goals and services

Needs ⇨	*Goals* ⇨	*Services*
Income and economic need	Adequate and equal opportunity	Employment services, social security, and so on
Material needs	Optimal environment for providing basic needs	Housing services, public utilities
Health care needs	Optimal health	Health care services
Knowledge and skills	Adequate knowledge and skills	Educational services
Personality and development	Optimal personal and social adjustment and development	Personal social services
Social well-being (security, community belonging, and so on)	Adequate organised social instrumentalities	Community organisations, equal opportunity (EO) programmes, and so on

Source: Author.

Social policy, as an inter-disciplinary field of scholarly inquiry, is generally located within the broad area of the 'policy sciences' and requires both an explanation (policy theory) and a prescription (policy practice). As a policy science, social policy studies consist of two interrelated strands—policy study and policy analysis. *Policy study* (or policy theory) is concerned with obtaining knowledge of policy making, the aim and objectives of policy and understanding the policy process. Many aspects of this strand deal with questions of power, conflict and ideology, and inevitably draw heavily on the disciplines of sociology, economics and politics.

On the other hand, *Policy analysis* (policy practice) deals with the processes of deciding or choosing between different courses of action and examining policy outcomes relevant to the goals or objectives of social policy. This strand of social policy is more focused on policy as a form of practice, the output and outcomes of policy, such as the choice of policy instruments. Essentially, it is about the most *effective* and *efficient* ways of achieving given ends translated into programmes and services.[3] Given the breadth of social policy—policy study versus policy analysis—studies in this field vary in conceptualisation and methodology. In short, social policy is concerned with the *how*, *why* and *with what effect* governments pursue particular courses of action or inaction to achieve certain goals. Indeed, as Harold Lasswell (1936) once remarked, policy is about *who* gets *what*, *when* and *how*.

Taxonomies of the Welfare State

In terms of the framework given in Table 2.1, the corpus of studies relating to social policy in the industrialised societies of the West regards collective action for social welfare as constituting its core area (Wilensky and Lebaux 1981). These welfare policies refer to a variety of state-based or state-supported programmes and services which have been classified in different ways. For instance, in the USA, they comprise six key areas of public policy, namely, education, health, social security or income maintenance, housing, personal social services and employment programmes. But, in the UK, they are classified in terms of the Big Five, that is, health, education, housing, employment and social care services.[4] Considering that the focus of these policies, programmes and services rests heavily on the role of the state, the social policy discourse is subsumed under the rubric of the 'welfare state', and is understood as referring to 'government protected minimum standards of income, nutrition, health and safety, education and housing assured to every citizen as a social right' (Wilensky and Lebaux 1965: xii).

At one time, social policy studies in countries such as the UK were confined to the 'conventional social services', that is, government interventions to provide social services catering to identifiable social needs (Donnison 1979). But this is no longer the case. In this context, Jones (1985) makes an interesting observation on the nature and function of the institutions relating to social provisions from two different perspectives. One perspective places the 'individual-first' and has a 'caring-sharing' quality focused on meeting social needs. The other puts 'society-first' and regards meeting social needs in terms of promoting the long-term interests of society—the well-being of society. This yields two types—*welfare* capitalism or welfare *capitalism*.

The traditional approach to social policy in the industrialised countries of the West is a mix of these two types of welfare as identified by Jones. But, overall, one detects a strong emphasis on social security provisions, especially in matters of income transfers to the working poor and the disabled, disadvantaged and insecure. These relate to the vagaries of the labour market—the diswelfares resulting from unemployment or the inability to remain in gainful employment—which led to social protection in the form of institutional benefits, services and entitlements. It is this institutional approach to social policy in western industrialised societies that has often made social welfare/social policy synonymous with 'social security'.

This orientation to social policy, according to Gough and Wood (2004), is heavily reliant on three implicit assumptions: a developed form of capitalism and a relatively autonomous state, a legitimate state and a pervasive livelihood, and a complex system of financial markets providing insurance which enables the provision of a vehicle for savings. Social policy was nurtured in an environment which fostered a policy ethos centred largely on compensating for market failures, diswelfares through income maintenance programmes and social security provisions. There is no doubt that from a political economy perspective, income transfers in the industrialised countries of the West loom large in the formulation of the welfare state. Among other considerations, this hinges primarily on how the state obtains its funds for welfare and how these are distributed equitably without jeopardising the achievement of desired outcomes such as maintenance of minimum living standards.

However, present-day social policy in the North as well the South is no longer primarily concerned with social security which remains a complex area of study being redefined continually. Currently, confronted with globalisation and attendant rapid social and economic transformations, both the *means* and *ends* of social policy, involving critical value assumptions such as growth versus equity, are being reformulated in the developed and developing world (see Chapter 3). But yet, by considering welfare state developments from a broader political economy perspective, it is possible to heuristically identify several alternative models of welfare systems or 'welfare regimes'.[5] The notion of 'regime' pertains to an analytical concept comprising a set of rules and norms governing institutional and other interests which impose constraints on individuals, for example, by compliance procedures. Regimes are essentially a form of political power imposed by states and are subject to change by virtue of political competition or institutional breakdown (Gough 2003).

The welfare state concept tends to be associated mainly with the countries of western Europe and forms one type of welfare regime, but comes in a variety of shapes and sizes. The question then is how do we distinguish between different forms of welfare states functionally and normatively, that is, in terms of both the *means* and the *ends* of welfare. One early classificatory device which tries to characterise these various models is Titmuss' (1974) typology of threefold welfare systems—the *residual, industrial achievement* and *institutional redistribution*. In his taxonomy, the 'residual' model of public provision for welfare, originating from the Poor Law thinking of the 19th century, was conditional and limited in that it was targeted at those in need. Residual welfare is

heavily reliant on the non-formal sector, in particular, the family and other voluntary organisations such as the Church or mutual aid societies. The 'industrial-achievement' model, on the other hand, responds to social needs on the grounds of merit and status differentials achieved through work performance and production (Titmuss 1973). As against this, the 'institutional' model is based on the universality of social needs and welfare as a right of citizenship. This proposes that public policies for welfare should be universal and that social programmes constitute an integral part of the institutional and cultural fabric of society.

Titmuss was the most eloquent proponent of the institutional mode, stressing its role in motivating altruistic sentiments and creating a just and caring society. He argued that unlike the distribution of economic goods, the state provided the ideal collective institution for distributing and allocating welfare as a social good. Importantly, he also argued that liberal democratic states, because of the inherent equity of social policies and their redistributive impact, created solidarity and social cohesion. This institutionalism, built on the Keynesian notions of social and economic intervention by the state, was governed by the values and norms of political and social liberalism and couched in the language of mandatory social rights of citizenship. Citizenship theorising of the British sociologist T.H. Marshall was pivotal to the Keynesian welfare ideology that was associated with British policy in the post-World War II era. This is well portrayed by Marshall's (1950) notion of the hyphenated society of 'democratic welfare capitalism'.

Perhaps, the best known typology of 'welfare states' or 'welfare state regimes' is that proposed by Esping-Andersen (1990), which refers exclusively to countries in western Europe. This yields a threefold classification: the *Liberal/Free Market*, the *Conservative/Corporatist or Social Market* and the *Social Democratic/Scandinavian model*. In constructing this taxonomy, Esping-Andersen uses two linked indices—*decommodification* and *stratification*. These identify the extent to which a welfare system enables one to get by without recourse to market-related benefits as determined by one's social position in a particular stratification system. Based on each type of index, Table 2.2 shows the resultant three models of welfare states.

These three models of the welfare state are briefly described below.

1. The Liberal/Free Market welfare state regimes are characterised by a selectivist residual welfare system. This is a targeted means tested welfare system for the poor which places limits on the exercise of

Table 2.2 Esping-Andersen's three worlds of welfare capitalism

Index of Decommodification			*Index of Stratification*		
Low	*Medium*	*High*	*Liberal*	*Conservative*	*Socialist*
Australia	Italy	Austria	Australia	Austria	Denmark
USA	Japan	Belgium	Canada	Belgium	Finland
New Zealand	France	Netherlands	Japan	France	Netherlands
Ireland	Finland	Norway	USA	Italy	Sweden
UK	Switzerland	Sweden			

Source: Castles and Mitchell (1990) taken from Esping-Andersen (1990: Table 2.21).

social rights. The latter constraints may include features such as welfare recipients having relative equality, market differentiated welfare among the majority, means tested poor relief, and private pensions and private expenditure on health. This is typical of the USA welfare system which relies on a high degree of private market supplementation for those not entitled to benefits. This is also increasingly evident in the contemporary Australian welfare system. The inclusion of Australia as a 'liberal regime' has, however, been criticised by Castles and Mitchell (1990).[6]

2. The Conservative/Corporatist or Social Market type of welfare state upholds status differences by linking welfare benefits (social rights) to compulsory membership in occupationally differentiated welfare schemes, for example, of social insurance. Accordingly, welfare outcomes may be limited by features such as a person's income maintenance benefits, other corporatist contributions and earning-related characteristics. This type of welfare regime based on employee rights and benefit adequacy tends to be characteristic of the European Welfare State systems such as France and Germany (but currently under siege by neo-liberal social and economic theorists).
3. The Social Democratic/Scandinavian model of the welfare state is organised around universal benefits or citizens with social rights having equal benefits. Importantly, these systems, which have a high degree of benefit equality do not regard equality in terms of minimal needs and what is more, avoid the dualism of state and markets. This is the characteristic of Scandinavian social democratic states (for example, Sweden) and also the UK to some extent, where redistribution and social solidarity were major objectives, at least before the dismantling of the UK welfare state by the Thatcher administration.

The comparison of welfare state regimes within this classification permits some tentative conclusions about the relative effectiveness of a mix of social and economic policies for democratic societies under pressure (Wilensky and Lebaux 1981). In addition, this permits us to have a better understanding of what distinguishes good/poor economic performance in welfare systems subject to fiscal crisis. However, this linkage between different forms of welfare regimes in welfare states and welfare capitalism became more problematic with the 'fiscal crisis' of the state in the 1970s and 1980s. The response to the crisis witnessed the introduction of policies influenced by neo-liberal ideologies leading to the hegemonic dominance of economic liberalism (Mishra 1984).

This new economic climate, characterised by market deregulation, rule of monetary economics and privatisation, pointed to a heavy reliance on a relatively open and free market in an increasingly globalised economic environment. The resulting fracturing of, or retreat from, the welfare state in many countries witnessed low capital accumulation, restricted growth, a decline in business confidence and a reliance on market solutions to economic and social problems. A corollary to economic liberalism was political liberalisation which, among other things, ushered in the 'crisis of the welfare state', marked by a curtailment of public welfare, a dramatic reduction in social expenditure by the state and a pervasive sense of individualism.

The crisis of the welfare state in the 1970s, following the advent of neo-liberal economic theorising and changing patterns of work, privileging the market over the rights of citizenship signalled the end of institutional welfare state strategies which had given priority to questions of distributional equity and justice. This led to the search for new social policy dispositions exemplified in the thinking of the 'third way' and in other similar policy scenarios invoking concepts of 'social inclusion' instead of 'social equality' (K. Jayasuriya 2006).

What this implied was that the rationale for social welfare was no longer based on the 'social contract' of the post-war period, especially the rights of citizenship, but on the logic of markets governed by costs and benefits grounded in notions of effectiveness/efficiency as being applicable to the social domain (see Chapter 3). This radical departure from the conventional ethos of the welfare state brought about the provision of welfare as part and parcel of privatised forms of welfare, in addition to work-based entitlements and individual and family responsibility for social welfare. The language of universal rights was eclipsed by that of duties and obligations as well as selective or conditional entitlements. In this approach, the region is not something simply out there but a constitutive

component of the practices of sovereignty. It is these practices that shape external relationships inside and outside the region, but more significantly, determine the identity of the political community. This political identity is formed through the demarcation of the 'outside' and 'inside' of the political community. Demarcating these boundaries has been a crucial part of a state-building process for settler societies such as Australia, Canada and the USA. Hence, the significance of Australian–Asian engagement is as much about construction, mobilisation and contestation of public narratives of citizenship as it is about the institutions and frameworks of regional and international diplomacy.

In this new political culture, the slogan of the conservative social policy proponents was not one of social rights, but rather of mutual obligation and 'workfare', that is, work-related entitlements. Put simply, this marked the end of the post-war Keynesian welfare state ideology and welfare was no longer seen as a priority for public policy and state intervention. Instead, the new conceptualisations of citizenship were framed in the language of civic duties and shared values that were associated with membership in a range of social groups and voluntary associations and also served as the glue for social cohesion (Gilbert and Gilbert 2002). Consequently, there was a move towards privatisation and contracting out of services, with a greater role for the voluntary sector and commercial providers of service. What this signifies is reconfiguring the ends and means of human welfare, and the net result of these changes was that it created overall a new paradigm which Gilbert and Gilbert (2002) identify as the 'Enabling State'. The differences between the Welfare State and the Enabling State are illustrated in Table 2.3.

Table 2.3 Shift in central tendencies from Welfare to Enabling State

Welfare State	*Enabling State*
Public Provision	*Privatisation*
Delivery by public agencies	Delivery by private agencies
Transfers in the form of service	Transfers in cash or vouchers
Focus on direct expenditure	Increasing indirect expenditures
Protecting labour	Promoting work
Social support	Social inclusion
Decommodification of labour	Recommodification of labour
Unconditional benefits	Use of incentives and sanction
Universal entitlement	Selective targeting
Avoiding stigma	Restoring social equity
Solidarity and citizenship	Solidarity of membership
Cohesion of shared rights	Cohesion of shared values and civic duties

Source: Gilbert and Gilbert (2002).

Welfare State to Welfare Regimes

Whilst these studies of the welfare state in the North cannot readily be transposed to the South, as Titmuss (1973) reminds us, some of the principles underlying these models drawn from the North may nevertheless be found in other parts of the world. What this implies is a theory of convergence,[7] namely, that economic growth makes countries more alike in terms of welfare policies. In this respect, there is no doubt that the orthodox model of the welfare state in the West has been a standard for welfare regime developments elsewhere. However, it has been rightly argued that the diversity in approaches to social policy demands a much broader conception of social policy than that provided by the typical Eurocentric version of the welfare state in the North (Gough and Wood 2004).

By modifying the 'welfare state regime model' as a conceptual paradigm, Gough and Wood proceed to make a more generic classification of three broad groups, or 'families', of welfare regimes—welfare state regimes, informal security regimes and insecurity regimes.

What is distinctive of this taxonomy is that it adopts a broader 'welfare mix' than other classifications of welfare by focusing more on outcomes than institutions and also embedding welfare institutions in the structures of society.[8] The *welfare state regime* model characteristic of democratic welfare capitalism in the West, at the most general level, is seen as an institutional matrix of market, state and family/household forms of social provision. The *informal security regime*, by contrast, prevails in predominantly non-market economies in the early stages of modernisation. The focus here is on a residual model of welfare which is almost exclusively based on community and family relationships dominated by patron–client relations resistant to institutionalised state-based welfare. The least welfare oriented are the *insecurity regimes* characteristic of unstable political environments where government actors are ineffective in playing any security-based role in the face of warlords and other powerful actors. But the reality underlying this ideal type classification is 'that regions or countries within them can combine elements of all three "families" within a single social formation' (Gough and Wood 2004).

This schematic classification also includes welfare regimes in the transitional states of Central and Eastern Europe, East Asia, as well as those in Latin American countries. The social policy models evident in these countries are mainly the result of their exposure to heightened global economic pressures and/or the social consequences of a transition to being market economies. In the case of Central and Eastern Europe,

these countries have had the difficult task of contending with the downfall of social guarantees of welfare (for example, subsidised housing, free education and medical services) of the previous era.[9] Influenced by international agencies, these countries have in matters of welfare adaptation resorted to privatisation and neo-liberal welfare type of policy strategies of the West. These countries have been 'a testing ground for policy strategies, [that] involve competition between ideas and strategies [embracing] a radical citizenship income to social liberal version of social policies' (Deacon 1997: 149–50).

In the case of the East Asian countries—those labelled the 'four tigers', that is, Hong Kong, Korea, Singapore and Taiwan—the claim to special status lies in the adoption of a radical approach to welfare (Gough 2003). These countries, regarded as exemplars among developing countries for their rapid rates of economic growth and rising standards of living, have actively pursued archetypal successful policies of economic modernisations while concurrently putting their own distinctive stamp on 'productive social policies'. These policies laid the foundations for a high-quality intensive path of economic development which outlines a unique welfare regime (Goodman et al. 1998). But Midgley (2002) discounts this claim on the grounds that East Asian social policy rationale fails to transcend the thinking implicit in the model of the European welfare state and allied typologies, such as that proposed by Esping-Andersen (1990).

As a rule, these 'developmental states' in East Asia built around market economies are prone to espouse an 'anti-welfarist' rhetoric and are reluctant to allocate public funds for welfare services. To avoid being welfare dependent on the state, they seek to encourage families, employers, neighbourhoods and voluntary organisations to address societal welfare needs (Midgley 2002). In fact, Holliday (2000) has suggested that these states form another world of welfare that he calls 'productive welfare'. The ideological basis of this so-called 'East Asian model' captures the new state welfarism with its commitment to organised productivist forms of welfare; it also highlights the communitarian values such as mutuality, reciprocity and communal participation underpinning social policies and welfare institutions. These value systems are also to be found in the Confucius ethic and code of social conduct which extols the virtues of caring, family responsibility, sense of shared responsibilities, devotion to public duty and social harmony.

This value orientation to social policies is often achieved by partnership between the state and market through programmes based on occupational welfare arrangements, as in the Singapore Central Provident

Fund (Ramesh and Asher 2000; Tan Ern Ser 2004). In sum, the East Asian countries present a state-centric regime of welfare based on savings and transfers alongside extensive family-based social provisions. For whatever reason—be it cultural or ideological, in their approaches to social policy in East Asia—these countries have not readily adopted fully the welfare state regime model of the advanced capitalist countries in the West.[10]

The welfare mix in countries extending from the transitional states of Central Europe and Latin America to East Asia is indicative of the different and complex patterns of social policy adaptation to changing social, political and economic realities, especially as the influence of neo-liberal economic policies generated by the Washington Consensus[11] and more generally as a result of globalisation. In brief, the welfare regime model of Gough and Wood (2004) provides a useful heuristic guide to a growing and relatively uncharted field of comparative social policy,[12] one which is not transfixed on a western welfare state-centric typology. Clearly, it is far too early to synthesise social policy developments taking place in the North and South.

The Latin American social policy experience[13] also merits special consideration as these countries too have been transformed as a result of adopting neo-liberal economic policies. This has resulted in some innovative social policy strategies being developed, such as the Chilean Pension model or the social policies adopted by Brazil. However, new initiatives need to be placed in the context of the evolution of social policies in these countries. A noticeable feature of the Latin American social policy scene, especially in countries such as Argentina, Chile and Uruguay, is that social security policies which evolved as far back as the early decades of the 20th century—even before the United States—had a distinctive character. Interestingly, in these countries social security was associated with programmes of occupational welfare linked to occupational groups (Hall and Midgley 2004) and most of these early programmes, for example, in Chile, took the form of social insurance schemes.

These social security schemes, however, ran into administrative difficulties in the 1970s as a consequence of the structural changes in the economy. Consequently, the social security system was radically overhauled within a new framework based on programmes involving the privatisation of insurance and integrated into the logic of market economics. In this context, the controversial Chilean Pension model which evolved in the Pinochet era stands out as the exemplar of this form of social security. The Chilean approach to social security was actively promoted by international agencies such as the World Bank as a model social security

programme for other developing countries undergoing similar changes as a result of structural adjustment.

The New Social Policy Ethos

Whether it is in the North or South, the purpose and ends of social policy or welfare, heavily influenced by globalisation, are clearly undergoing rapid change. It is this new thinking about social policy that informs many of the policy recommendations that emanate from international agencies such as the World Bank and the Asian Development Bank (ADB 2002). In this context, a key notion, 'social protection'—being promoted in the last decade by international agencies of the post-Washington Consensus era—is simply a refined version of the 'social safety net' approach. The idea of social protection and associated social policy strategies—all linked to risk management strategies and poverty reduction—is that they are designed primarily to reduce poverty and vulnerability to market forces by helping to develop efficient labour markets, diminish people's exposure to risks and enhance their capacity to protect themselves against hazards and interruption/loss of income (ADB 2002). In short, these include all public policies and private initiatives that provide income or other forms of consumption transfer to the poor and marginalised groups. Clearly, their intended purpose is not social protection but economic protection—a form of social security catering to social costs of market failures in developing countries exposed to neo-liberal economic reform.

It has been suggested that this new orientation to social policy in the North as well as the South generates a 'pluralism of social welfare', one which rejects 'the totalizing intentions of institutionalism, and accommodates some degree for residualism' (Midgley 2003). This new pluralism in welfare takes on various forms such as the 'third way' thinking, which in its various adaptations seeks to marry institutional welfarism with privatised market welfare. The 'third way' eschews the extremes of the two dominant philosophies of the post-war period—market-oriented conservatism of the new right and the socialist orthodoxy of state intervention—by endeavouring to reconcile the realities of the international economy, global capitalism and market efficiency with issues of social justice—'the cornerstone of the social democratic project' (Giddens 1998, 2000; K. Jayasuriya 1999a). A primary consideration of a political regime committed to the 'third way', in wanting to 'humanise capitalism', lies in its efforts to achieve a balanced integration of economic and social policies.

The new social policies[14] differ from earlier notions of the welfare state in several ways. First, as a rule, there is less emphasis on income replacement and more on issues such as expansion of freedom, empowerment through enhancing human capabilities and social inclusion. Nancy Fraser (1997) has aptly referred to this as signifying a shift from redistribution to recognition in the explanation of poverty and inequality. Second, questions of risk management loom large in the conceptualisation of this new social policy ethos. The assumption here is that social policy—much more so than previously—has to be proactive in confronting and managing the new risks posed by rapid economic and social change arising from globalisation.

Third, there is in many of these new social policies a distinct emphasis on broadening asset ownership in the community. Here, social policies are directed at enhancing the assets endowment of individuals to compete in the globalised economy. For instance, microcredit policies are designed to provide poor households with credit that will allow them to set up economic enterprises. Other policies have been suggested that will allow poor farmers and the urban poor to convert their assets (for example, ownership of land) into pledgeable assets that will move them on to the formal economic system. There is also in this new social policy format—in line with recent theories of economic growth—a greater emphasis on the equitable provision of training, skill enhancement and lifelong learning. Fourth, there is a much greater emphasis on the partnerships between the state, the market and the so-called 'third sector' (non-governmental organisations and not for profit organisations) in the formulation and delivery of welfare services.

Outstanding examples of this new pluralism in welfare are to be found in the UK and Scandinavian countries which have tried to reconcile economic liberalism and a market economy with the core values of the orthodox welfare state based on equality and the social rights of citizenship (K. Jayasuriya 2006). In essence, these strategies, which are by nature inegalitarian (Giddens 1998), are attempts made by those who believed it is possible to combine selectivity of residualism with the universalism of the welfare state. The expectation here is a partnership between the *market* (economy), *government* (state) and the *voluntary sector* (civil society), often to be achieved through some form of 'corporatism', that is, a way of 'constructing agreements or broad policy [by] obligating groups to contribute on the development [and assisting in] the implementation' (Emy 1993: 204). Social corporatism is a means of ensuring broad partnership and at the same time integrating the social and economic spheres by harmonising relationships (Pekkarinen et al. 1992). Invariably, these

attempts compromise the principle of social rights of citizenship and the search for greater distributional equity with the priority attached to capital accumulation and personal responsibility presented as a matter of mutual obligation. As previously noted, social equality as an objective has been replaced by the notion of social inclusion/exclusion.

Normatively, this new policy climate contains different strands of the several ideological approaches to social policy (Hall and Midgley 2004). At one extreme are those who, in pursuit of a return to a new laissez faire era, advocate the abolition of all government social programmes. Within this category, however, there are those who take a milder stand in what has come to be known as 'regulationism', that is, a policy orientation which provides a continuing but limited role for the state in social policy. With these models, the state seeks to incorporate the poor and those previously dependent on government welfare (for example, through subsidies and other forms of social assistance) by manipulating economic institutions such as the labour market to ensure greater economic opportunities for the poor by enhancing their capacity to work.

Thus, for instance, in the West, those promoting a 'Social Europe', following the Nice Treaty of the European Union, lean on notions such as 'social market economy' (SME). This approach, which relies heavily on the notion of social inclusion as a major objective, proposes a strategy for maintaining a liberal market economy that avoids market and social failure. Within these formulations, the critical issues for social policy are not matters of equity and social justice or of poverty or inequality, but worklessness or the lack of opportunities for gainful employment. A variant of this kind of normative approach in the USA is found in the work of Lawrence Mead (1986) who stands out as a strong critic of the European Welfare State model stemming from the work of those like Titmuss and Marshall. Rejecting a rights-based approach to welfare, Mead advocates a workfare ethos grounded in conditional entitlements which are buttressed by state-sponsored social programmes to bring about changes in the behaviour and attitudes of welfare clients to eradicate welfare dependency.

These theorists endeavour to enhance the logic of their argument by observing that the failure to engage in a productive work environment impoverishes the individual and incapacitates him/her from personal fulfilment. Arguing along these lines, the proponents of what has been labelled as 'asset-based welfare' (Midgley 2003) emphasise the importance of individuals in acquiring and accumulating assets, not just income, but also other assets such as housing and property to enhance their personal

and social well-being rather than depend on welfare benefits. The social safety net type approach to social policy advocated by neo-liberal economic theorists contained aspects of asset-based welfare thinking, namely, that these income transfers were likely to increase the economic capacity of the poor to enter into productive employment.

In sum, these approaches, many of which are based on the 'work first' ideology, place a heavy emphasis on self-reliance and seek to encourage a positive attitude to work. The thrust of these 'welfare to work' social policy strategies is to employ work tests before granting access to welfare entitlement. By doing so, these welfare policy advocates conflate ends and means by arguing that while the means may be different, the ultimate ends, namely, of achieving social welfare goals, remain the same. At best, it could be argued that the role of the state in welfare provision is limited to facilitating welfare ends. In these types of approaches to social policy, clearly there is no comprehensive collective provision for welfare. In short, what this underlines is that a critical reading of social policy, above all, requires taking into consideration the intersection between values, operations, principles and outcomes for purposes of social policy analysis (Rein 1976).

Conclusion

Without entering into a normative critique of the different approaches of new social policy, it will suffice to observe the extent to which egalitarian welfares of equity and justice have been replaced by other values such as efficiency and aggregate productive outcomes, arguably promoted in the public interest. We may note in passing that these policy orientations are really forms of social control not dissimilar to Marxist criticism of welfare state capitalism, namely, that the prime purpose of state centred social practices of the welfare state was to serve the interests of capital. This new social policy thinking too (as in Mead's conditional welfare or asset-based welfare policies) constitutes a form of 'social control'.

But what we find in the North as well as in the South is that the impact of neo-liberal economic ideologies has drawn pointed attention to the insidious ways in which countries exposed to the pressures of globalisation assign a low priority to social policies. This is noticeably evident in the developmental audit of many countries showing that large sections of the population suffer increasing inequalities. The Copenhagen Summit

in 1995 (see Chapter 3) brought to the fore this grim social portrait, highlighting the crisis of development in the North and South. In this context, development is seen as:

> [T]he opposite of leveling, building paths to the top for some and digging holes for others, creating cleavages, splitting [where] the income of the top 10, and even 20 per cent is rising significantly, whereas the bottom 20, indeed 40 per cent see their earnings decline. (Dahrendorf 1996: 238)

Stated simply, despite the fact that GNP continues to rise as the rich get richer, the poor remain poor, if not poorer. The net result of this 'inequalisation' (Dahrendorf 1996) in the Organization for Economic Co-operation and Development (OECD) countries as well as the South is a polarisation created by extensive social exclusion and marginalisation of the disadvantaged. This not only threatens the very fabric of civil society but also gives rise to intolerance, xenophobia and violence. In the long run, this social exclusion and marginalisation of many groups in society seriously diminishes the rights of citizenship and puts at risk, as Sen (1999) observes, the very foundations of freedom and political liberty which are critical for social well-being.

The Copenhagen Summit in drawing pointed attention to the foregoing social portrait characteristic of the North and the South was in many ways a powerful indictment of the outdated post-Washington Consensus—not just the Washington Consensus built around the orthodoxy of unfettered markets. In its critique of the notion of 'developmentalism' (Midgley 1995), the Copenhagen Summit sought to frame social policy as social development by challenging the orthodoxy of developmental thinking, which was based on the primacy of economic development and promoting increased productive capacity and raising per capita income as the desired policy outcome. In critiquing this point of view, an underlying theme of the Summit was to highlight the inherent limitations of doctrinaire neo-liberal ideology that views economic growth as an end in itself. In the quest for a more intellectually and morally tenable alternative (de Alcantara 1996), the clear message from the Summit was that globalisation or increased economic openness needs to be complemented by a new policy framework capable of enhancing social development. Rodrik (1999), for one, argues that the most successful economies are those that engage with the international institutions to mitigate the adverse effects of openness which impede social development. Given this strong indictment of orthodox developmental theory, there has emerged a new development paradigm advocating social development

in an effort to find a solution to the deteriorating human condition in a global malaise.

Notes

1. See Plant (1980) for a discussion of the relation between needs and wants; see also Doyal and Gough (1991).
2. See also Streeten (1981) and Fitzpatrick (2001).
3. See Gil (1976) for a useful framework for social policy analysis built around four tasks: problem identification and planning, objectives and value premises, structural implications and exploring policy alternatives.
4. The grouping of services in the UK as Social Care Services harks back to Beveridge's five evils: *ignorance*, *idleness*, *disease*, *squalor* and *want*. Social Care Services (UK) or the Personal Social Services (USA) involves professional social work services requiring interpersonal helping, for example, counselling.
5. See Esping-Andersen (1990), Castles and Mitchell (1990) and Gough and Wood (2004). In classifying 'welfare regimes', Gough and Wood adopt a broader perspective than Esping-Anderson.
6. Castles and Mitchell (1990) argue that welfare outcomes in Australia as a 'wage earners' welfare state is pursued through redistributive instruments rather than high expenditure levels on welfare as in other liberal regimes (Castles and Mitchell 1990). For a useful discussion of the Australian welfare system from a comparative perspective, see Kennet (2001).
7. See Wilensky and Lebaux (1981) for a review of studies relating to convergence theory, namely, that economic level and its demographic and bureaucratic correlates are a major factor in welfare state development.
8. This work is based on a research programme at the University of Bath (UK) on 'Social Policy in Developing Contexts'.
9. Gough (2000) refers to these socialist economies of Russia and Central Europe as 'enterprise based social welfare systems' and considers the fate of 'enterprise welfare' during the period of economic transition.
10. See Sen (1999), and also Midgley (2002) who review some of the recent literature on social development in Asia.
11. The term 'Washington Consensus', which arose in the late 1980s, was inspired by Washington-based international agencies such as the International Monetary Fund and World Bank, providing an economic and policy presentation promoting free markets, liberalisation, privatisation and deregulation. These policies were tied to a social safety net approach to protect the vulnerable and market failures.
12. For reviews of comparative studies, see Wilensky and Lebaux (1981) and Kennet (2001).
13. See Huber (1996) and Tulchin and Garland (2000) for an overview of the Latin American experience relating to social policy and social development.
14. See Midgley (1995) for a discussion of normative theory or the ideological bases of these social policy traditions. He identifies three ideological traditions: the *statist* approach based on 'collectivism', *enterprise* approach based on individualism and the *populist* approach based on populism and communitarianism (Hall and Midgley 2004).

3

Rethinking Social Development

In many societies GNP increases but human lives can shrivel.
—Mabul Ul Haq (1990)

Introduction

The World Summit for Social Development (WSSD) met in Copenhagen in 1995 (hereinafter referred to as the Copenhagen Summit) to discuss the seriousness of the development crisis—a crisis marked by the persistence of the following:

1. The growth of poverty globally and the marginalisation and social exclusion of groups of people—the young, the unemployed, women and the ethnic minorities.
2. The social conflicts and civil wars leading to increased militarisation and warfare.

The backdrop to this crisis was, of course, Agenda 21 and the Rio Summit on the Environment, which documented forcefully the ecological crisis—the irretrievable destruction of natural resources and ecological vandalism. This summit was, above all, an occasion to assess the state of affairs 50 years since the end of World War II and the coming into being of the UN and its various agencies which were established to usher in an era of peace, harmony and prosperity not merely for the victors but for all humanity. The Copenhagen Summit sought to develop a new paradigm of development which would ensure a greater measure of

peace and security within a framework of sustainable development, that is, one which is socially just and ecologically defensible. It was the quest for 'sustainable development' which sought to give the highest priority to poverty reduction, productive employment and social integration as the core issues of social development.

The re-emergence of the notion of social development, offering a more inclusive approach to development theory and practice, if not an alternative development paradigm, forces us to scrutinise more closely the meaning of the elusive and amorphous term, social development, which has been inextricably linked with economic development theorising since the 1950s. The success or failure of this exercise remains to be determined in the foreseeable future. But, whatever be the eventual results of the deliberations of the Copenhagen Summit, there is no question that it has served to place on the political agenda of all nations—the countries of the North and South—the critical issues of social development. In seeking to understand the new thinking about social development, we need to articulate and defend the logic and rationale of social development. But first, we need, as a preamble, to situate social development within the broader ambit of development theorising, reformulate the notion of social development within development theory by evolving a defensible rationale for social development.

These issues are addressed in this chapter. The first section considers how social development has fared in development theory and practice. This brief overview serves to contextualise social development within development theory and practice as it was considered by the Copenhagen Summit. The next section develops the core argument advanced here by attempting to sketch the outlines of a normative rationale for social development. This highlights the work of Amartya Sen in development theorising, particularly by reframing the concept of social development to provide a theoretical framework for the theory and practice of developmental planning.

Social Development in Development Theorising

In situating social development within the corpus of knowledge relating to development theory and practice, it is as well to recall that the term 'underdeveloped' first came into prominence when in 1949 President Truman in his inauguration speech defined a large part of the world as

'underdeveloped areas'. This usage ushered a new worldview built around the concept of development and the conventional picture of three (or four) 'worlds' (Sachs 1992). There is no doubt that development became a pivotal concept of international relations in the post-World War II period of 1950s and 1960s, especially in relation to post-war reconstruction plans and de-colonisation, which brought to the fore the economic and political problems of ex-colonies. This early phase of development theorising, roughly from 1948 to 1973, was marked by Bretton Woods and the new internationalism built around the UN and its agencies and cognate institutions, in particular, the World Bank and the International Monetary Fund (IMF).

The meaning attached to development in economic theory, originating from the classical school of economic thought (for example, Adam Smith, Ricardo and Malthus) as well as the later modifications (for example, Keynesian economics), has always been about 'enhancement of living conditions' (Sen 1988b: 11). The problem of underdevelopment for development economics was essentially about poverty reduction conceived primarily in terms of 'increased productive capacity as well as raising per capita income' (Chenery and Srinivasan 1988: xi). Therefore, capital formation through savings and incentives took centre stage and, indeed, inequalities were justified on the ground that this is the only route to greater savings, by providing financial incentives to those entrepreneurs, be they farmers, industrialists or traders, who risk their resources, personal and material, for rich rewards, the tangible profits gained from any enterprise.[1] Moreover, it was justified on the grounds that in the long run, inequalities will be rectified by trickle down of growth, formation of linkages, and so on. In short, the climate of development thinking, in what has been termed the first 25 golden years of development (Singer 1989), was heavily influenced by Bretton Woods and Keynesian economics.

In this period of the First UN Development Decade, development theorising with its emphasis on physical capital accumulation maintained a strong adherence to the philosophy of 'economic growth' as an end itself. This was characteristic of the 'commodity approach', the orthodoxy of early development theorists and practitioners, which sought to identify certain goods or commodities as essential and 'good' or valued because they were critical for economic growth. Accordingly, the objectives of development policy, economic and social development were measured and evaluated in terms of income as per capita GNP. The latter refers to per capita income or production, measured in terms of the total aggregate of goods and services (GDP).

The 'ideology of development', characteristic of this period, was rooted in the belief in progress, efficacy of rational solutions, a unilinear pattern of development and a profound faith in a humane egalitarianism. An implicit assumption underlying this standpoint in development theory and practice has been that the desired socially beneficial effects such as improved living standards would automatically flow from enhanced economic growth. In other words, the expectation was that there would be a 'trickle down' effect of improvements in material well-being leading to measurable changes in aspects of social development such as improvements in levels of literacy, mortality rates and health status. These socially desirable outcomes were regarded chiefly as a by-product of growth. At best, incidental and peripheral, they were not the principal concerns of economic growth.

Social development in this early phase was narrowly conceived as remedial social welfare and was regarded as an aspect of development planning through the provision of social services or fostering community development programmes (Marsden 1990; Midgley 1995). In short, social development was, for all intents and purposes, synonymous with economic growth. At best, social development was acknowledged as a component of a 'holistic' approach to development, drawing its inspiration from 'the tradition of political economy' (Marsden 1990: 5). Accordingly, economic and social development was seen as being interdependent, integrated and unified. But even then, social development policies were subordinate to the operatives of economic planning determined by standard measures of economic growth such as per capita GNP and GDP, and supplemented by measures of income distribution and incidence of poverty.

The decade of the 1970s, the Second UN Development Decade, beginning with the oil crisis of 1973, saw the breakdown of the Bretton Woods financial system, and this, among other things, helped to create a greater awareness of the limitations of equating development with economic growth per se (Singer 1989). The failure of the 'ideology of development', despite the green revolution, was evident in the increased incidence of poverty and unemployment and the decline in agricultural productivity. As a result, development strategies pursued by international agencies such as the World Bank paid greater attention not just to economic objectives but also to broader human (for example, human well-being and welfare) and social goals (for example, poverty and inequality). Seemingly, at one level, this implied a resort to a utilitarian moral theory which paid greater attention to the personal satisfactions arising from a sense of well-being or happiness as an outcome of welfarism.

This thinking led to an alternative approach which focussed on the achievement of social goals through such measures as the generation of employment objectives and achieving a better income distribution.[2] This rationale was in policy documents such as the New International Economic Order (NIEO), the Brandt Report and, more particularly at a policy implementation level, the International Labour Organisation (ILO) inspired Basic Needs Strategy. Though these different policy initiatives may have differed in their diagnosis of underdevelopment, they all denote a stronger insistence on social goals as a part of development planning. For instance, the concept of 'basic needs' as adumbrated in the Basic Needs Strategy assumes that 'the objective of the development effort is to provide all human beings with the *opportunity* for a full life' (Streeten 1981: 21). These sentiments were echoed by the World Bank President, Robert McNamara (1971) who argued that development has far too long been expressed simply in terms of growth of the national product in the poorer countries of the world. On the contrary, he maintained that an awareness of the availability of work, the distribution of income and an improvement in the quality of life are equally important measures of development.

This approach to development policy and planning, indicative of a philosophy of 'growth with equity', was influenced by the writings of Seers, Jolly, Singer and particularly by the classic work of the Swedish economist, Myrdal (1968, 1970). Myrdal's notion of integrated development that placed a greater emphasis on structural changes and distributional issues in economic planning was characteristic of this phase of development theorising (Chenery et al. 1974). This mode of thinking was evident in two competing schools of thought—'modernisation revisionists', such as those espousing a 'basic needs' philosophy, and the 'dependency theorists' who challenged the unilinear views of development (Hettne 1990; Higgott 1983). However, theorists of both schools agreed on the need to locate problems of development within a broader structural framework, for example, organisation and structure of services catering to needs and overarching institutional constraints such as gender inequalities. In many ways, this shift in development theorising reflects a growing awareness of the 'vulnerability of Western industrialism, limitations of natural resources, growth and power of transnational companies (TNCs) and the failure of nation states to cope with changes in the world economy' (Hettne 1990).

The optimistic scenario of the Second Development Decade changed sharply with the onset of the world economic recession of the late 1970s, leading to a decade of crisis and economic recession for many developing

countries. With the growing dominance of 'neo-classical economics', development thinking received a serious setback. As a result, the development rationale and policies of the 1980s began to be characterised by the importation of a package of economic measures such as those directed towards debt settlement, stabilisation, liberalisation of trade, regulation and adjustment associated with structural changes. Thus, in the early 1980s, the World Bank and the IMF, under the guise of 'structural adjustment', actively promoted development strategies consistent with the monetarist policies of the advanced Western industrialised countries and endorsed by neo-liberal ideology. This structural adjustment programme (SAP) was intended to systematically remove the imbalance between aggregate domestic demand and resource availability. The expectation was that this would be achieved before the economy becomes seriously distorted and left without external resources (Kahn and Kamerman 1980).

The objective of SAP was to establish a sustainable current account position in the balance of payments and to redirect the level of inflation consistent with a stable and high rate of growth which allows for steady improvement in per capita consumption. For this reason, SAP promoted policies which contained aggregate demand and at the same time increased the availability of resources (that is, effect improvements on the supply side). Inevitably, this new policy regime, by cutting heavily into public investments, especially social expenditure, brought to an end the short-lived social development initiatives of the 1970s. In general, these policies which also signified a shift away from import substitution industrialisation in the Third World, reflected the prevailing ideologies of neo-liberal economic and social policies of Reagan and Thatcher in the USA and UK, respectively.

Towards the end of the 1980s, there was a re-examination of the social and economic effects that resulted from a rigid adherence to structural adjustment policies, and these policies began to be modified in such a way as to stimulate, rather than hinder, economic growth. Thus began the current phase of development thinking, described as 'adjustment with growth and equity'; or, put differently, as evidence of greater concern for the 'human face' of economic development. This shift in thinking is indicative of a growing resistance to the neo-liberal ideologies which emerged in the 1980s and the need to pay greater attention to social development, and the non-economic aspects of growth. It also reflected the reality that adjustment policies needed to be politically acceptable and take a different road from that traversed in the 1990s, which was from growth for

the sake of growth to adjustment with a human face. The new direction was to reinstate redistribution with growth and the Bretton Woods thinking in the early phase of development planning (Singer 1989).

The UN Agency—the United Nations Development Programme (UNDP)—primarily responsible for development work, became the standard bearer of this more radical approach to development theorising. The work of the UNDP itself was influenced by a new breed of development economists who were in the forefront of critiquing orthodox development theorising. The pathfinding UNDP report of 1990, partly authored by Sen, gave concrete expression to this new philosophy which declared unhesitatingly that development is *not* the same as growth. This report maintained that development, as measured by GNP, refers only to a limited aspect of development, namely, economic growth, and argued the case for an alternative index relevant to social development and measuring standards of living and human well-being.

A direct outcome of this people-centred approach to development theorising was the impetus it has given to developing alternative development indicators to the conventional macro aggregate measures such as GNP, savings and other components of a System of National Income Accounting (SNIA). These alternative indicators were intended to give due recognition to the 'human dimensions' by measuring the social effects of development policies; in short, the 'quality of life'.[3] Following the early work on social indicators by the United Nations Research Institute for Social Development (UNRISD) and other international agencies, the UNDP introduced in 1990 the Human Development Index (HDI), which is an aggregate index based on three key factors, namely, *life expectancy*, *education* and *adult literacy*. What indices such as HDI, which rank countries by performance on the three selected variables, have been able to document are the costs and benefits of economic growth by exposing the complex relationship which exists between conventional indicators of economic growth (for example, GNP per capita) and those based on social indicators such as Private Quality of Life Index (PQLI) or HDI. For instance, Dreze and Sen (1989) discuss several instances where there have been rapid gains in per capita GNP without much reduction in the levels of poverty (for example, Brazil from 1960 to 1970 experienced fast rapid growth, but left the poor untouched).

A classic instance of the disjunction between these two sets of indicators is revealed by the performance of a country like Sri Lanka (Osmani 1994; Sen 1988a). Though ranked as a low-income country in terms of per capita GNP, Sri Lanka, going by social indicators such as those relating

to life expectancy, literacy or health status, showed a level of achievement far better than or on the same level as those classified as middle-income countries. Likewise, Costa Rica, a middle-income country like Iran and Iraq, has much less an income level than either of these countries, but enjoys a life expectancy which is 11 times greater than Iran and Iraq and an infant mortality rate which is less than a third as great. Perhaps, sadly, what accounts for this discrepancy is that Iran and Iraq spend a large part of their wealth on military expenditure. These disjunctions between economic and social indicators only serve to confirm the shortcomings of the conventional approach which equates economic growth with development.

The debate about human costs of economic development is nowhere better stated than in the UNDP Report of 1994, which in its analysis of the world situation observes, 'what emerges is an arresting picture of unprecedented human progress and unspeakable human misery, of humanity's advance on several fronts mixed with humanity's retreat on several others, of a breathtaking globalisation of prosperity side by side with a depressing globalisation of poverty' (UNDP 1994: 1).

These critics of orthodox development theorising argued that any concept of national development must hereafter encompass the human factor by allowing for the inclusion of factors pertaining to 'human development', which is often synonymous with social development that was regarded as 'development *of* the people, *for* and *by* the people' (UNDP 1992), and seen as:

> [A] revolutionary way of recasting [the] conventional approach to development [by ensuring that] ... human beings finally become [the] principal object and subject—not a forgotten abstraction, but a living operational reality, not helpless victims or slaves of the very process of development they have unleashed, but its master. (Ul Haq 1995: 11)

Against this background, if we are to take social development seriously, there is an urgent need to re-formulate and re-frame the concept of social development in a manner consistent with current political and economic realities. A new rationale for social development theorising has to be one which no longer equates development with economic growth and seeks to find a solution to the deteriorating contemporary human condition as a global malaise. Dahrendorf (1996) for one, writing from the standpoint of the First World, urges the prevailing language of public discourse surrounding the concept of 'economism' which creates a fetish

of GNP growth, should hearken to the voice of a new breed of development economists like Sen (1992) who sought to bridge the gulf that has existed between economics and ethics. These economists serve to bring to the fore normative issues that exercised the minds of the classical political economists, including most famously Adam Smith. They have, each in his own way, steadfastly sought to incorporate notions of well-being, the quality of life or 'social well-being' as an essential integral component of the development discourse—a discourse which importantly no longer arbitrarily creates a space between the economic and the social.

A Normative Rationale: Amartya Sen

In seeking a new rationale for social development, we need to first and foremost recognise that development is a normative concept which is heavily value laden (Seers 1969; Sen 1988b). When development is seen as a means, as in conventional theorising, there is always 'something else' which, as Crocker (1992) observes, concerns human 'well-being', 'quality of life' or 'standard of living'. But more importantly, all these concerns, central to social development theorising, involve matters of values and moral assumptions. What counts as a good outcome, such as the achievement of a better life or well-being, depends on a whole series of moral assumptions we make about the goals of development, either explicitly or by implication. This growing awareness of the moral and value assumptions has led to an expanding literature on the ethics of development which cannot any longer be ignored by the science of economics, nor can they be disregarded by the more down-to-earth development practitioners whose goodwill and homespun recipes for development are often misplaced or ill-conceived.

In this connection, the seminal work of the Nobel Prize economist, Amartya Sen, along with the philosopher Martha Nussbaum, stands out for their pathfinding and intellectually challenging contributions to the ethics of development. Sen and Nussbaum, jointly and severally, in their writings have, over the last two decades, signalled new directions for development theorising which are especially valuable in arriving at a defensible logic and rationale for social development. Clearly, if we are to take social development seriously, it is imperative that we should pay greater attention to exploring the 'ethic of development' in re-conceptualising development theory and generating morally defensible and realistic policy strategies.

The key to understanding Sen's approach to development lies in recognising his long-time engagement with the problems of equality and its absence. These considerations—those relating to equality—are after all, as Seers (1969) correctly observed nearly two decades ago, the most central and enduring concerns of development theorising. They point to significant issues that need to be addressed in any re-conceptualisation of social development. In this regard, a key question posed by Sen is to determine how one measures the presence or absence of equality. In what respect are people to be accounted as being equal or unequal? The way in which we answer this basic question will surely determine the policy responses we make in minimising inequalities or increasing equality. The response given by Sen in his famous Tanner Lecture (Sen 1987) was to pose the question: *Equality for what?*

This response, as Cohen (1994) rightly argues, was no doubt influenced by Sen's classic work on famine and hunger (Dreze and Sen 1989; Sen 1981a, 1981b) where he analyses the concept of poverty by pursuing the more basic question of how to identify the poor and measure inequality. In determining whether people should be regarded as equal or unequal, Sen observed that what matters is capability, and not some measures of utility such as income, command over goods and services, or a more subjective measure of utility or welfare such as well-being. The concept of capability refers to what a person is able to *do* and to achieve valued objectives which in turn are related to the different forms of life that are possible for an individual. This is what matters, according to Sen, in judging how well a person's life is going to be, that is, in determining a metric of advantage. The emphasis placed here is on what life we lead and on 'what we can or cannot do, can or cannot be'.

The concepts of *capability* and *functionings* are, therefore, central to an understanding of how inequalities take place. What matters in determining a 'metric of advantage' is a person's capabilities and functionings and not just goods, income or resources; in other words, the emphasis is not on resources or supply or output, but on what they enable a person to do. This perspective has far-reaching implications for any policy strategies that have to do with poverty alleviation or improvement of social well-being. Thus, the fracturing or withering of entitlements and the curtailment of one's capability and functioning is what creates inequalities or poverty.[4] In the context of poverty analysis, it is:

> [N]ot low income as such but income adequate to sustain basic capability in given circumstances [that] has considerable practical significance. (Cohen 1994: 120)

Therefore, the policy instruments we devise in dealing with inequalities are those that enable an expansion of capabilities of people, and these may not necessarily be a question of the quantum of income that one has but rather improvement in conditions of living which enhances capability. For Sen, these include inequalities of self-esteem which may arise from difference in income, power, differential achievements and ideologies of inequality (for example, a caste system). Accordingly:

> [T]he process of development is not primarily one of explaining the supply of goods and services but of enhancing the capabilities of people. (Sen 1988a: 529)

To grasp the meaning of this concept of capability from a systematic standpoint, we need to look more closely at Sen's pathfinding work on hunger and famine and the associated notion of 'entitlements'. For Sen (1981a, 1981b), famines are not simply questions of food availability or population size but 'ultimately concerned with what people can do, or cannot do'. The point Sen is making is that famines can occur even when there is an ample supply of food simply because the entitlements of a class of people have fallen. In other words, it is people's entitlements which are critical in understanding the dynamics of famines, the politics of hunger and deprivation and of poverty.

The notion of entitlements, central to Sen's (1981a) theorising, refers to the set of alternative commodity bundles that a person can command in society, using one's totality of rights and opportunities. These 'commodity bundles' are 'endowments' which are critical for determining one's entitlements. These are in turn governed by a whole set of circumstances prevailing in a socio-political context, including political and social rights which may entitle a person to such things as employment and income maintenance in the form of social security, as well as other social and cultural influences, for example, land tenure and rules of exchange. By exchanging commodities, one is able to command an alternative bundle of commodities, which are known as one's 'exchange entitlements'. The latter refers to a whole set of goods and services that one can command. Thus, for example, when a peasant's exchange entitlements are not sufficient to meet his actual needs and requirements, he lapses into a condition of poverty.

In brief, the notion of entitlement concerns failures of both supply and demand structure as the main cause of poverty. Sen's concept of entitlements has, by and large, become a synonym for 'purchasing power or rights, or trade derived income' (Gaspar 1993: 710). From Sen's theoretical perspective, the notion of entitlement acquires meaning and significance

only in relation to his two other key concepts, namely, capabilities and the correlative notion of functionings. Thus, development, understood as 'human development', refers to 'the enhancement of certain human functionings and the expression of human capabilities to so function' (Sen 1988a: 586). In other words, we are talking about what humans can *do* and *be*, respectively.

The capability to so function is central to this formulation because human development is seen as 'the expansion of basic human capabilities and the promotion of valuable human functionings' (Sen 1987). The concept of functionings refers to the various living conditions we can or cannot achieve, all of which pertain to the needs of a person regardless of goals or desires. These functionings vary 'from most elementary ones such as being well nourished, avoiding escapable morbidity and premature mortality, etc. to quite complex and sophisticated achievements such as having self-respect, being able to take part in life of the community and so on' (Sen 1992: 5). The listing varies but usually refers to material, biological or subsistence needs such as a nutritious diet, health care, shelter and sanitation. Importantly, Sen expands this list to include the need for self-respect and self-esteem which he regards as being critical for sustaining the autonomy and the reality of choice.

What is attractive in the 'capability paradigm' or 'capability ethic' of development is its ability to extend and modify other dominant perspectives such as the commodities, welfare utility and basic needs approaches to development theory and practice. As a strong critic of 'economism', Sen has drawn pointed attention to one of the main shortcomings of the 'crude commodity approach' to development which, as indicated previously, was favoured by the first development decade. This pertains to the fact that this mode of theorising invariably leads to a form of *commodity fetishism*, that is, a valuation of goods as being intrinsically good in themselves instead of seeing them as means towards other ends. What is needed, according to Sen, is to determine what goods 'can do for people, or rather what people can do with these goods and services' (Sen 1988a: 510) since, for instance, 'a disabled person may not be able to do many things an able bodied individual can, with the same bundle of commodities' (Sen 1985: 10).

In other words, one of Sen's main objections to the commodities approach is that it fails to recognise the value of people, especially the human factor of agency. At the same time, he draws attention to the variations among individuals such that the same bundle of goods and services may not always promote well-being. By this criticism, he reiterates one of the dominant features of his theorising, namely, the need to take account of the needs of different people. Indeed, the 'diversity of human beings' is Sen's

watchword in his theoretical writings on both equality and the practice of welfare economics.

The logic of these criticisms of the crude commodity approach is also, according to Sen, equally relevant when one considers the more sophisticated account of the commodity approach provided by Rawls (1972) in terms of his theory of primary goods as a basis for his 'Theory of Justice' based on the 'difference principle'. Rawls' list of 'primary goods' refer to 'basic rights and liberties' (meaning negative freedoms which are constraints on action) as well as powers and opportunities, income and wealth and self-respect regarded as a *means* for realising the democratic ideals of human freedom within a political conception of 'justice as fairness', that is, by a just and fair distribution of goods and services. In this regard, Sen acknowledges 'an enormous personal debt to Rawls for generating a renewed interest in normative issues, especially the ethical and political issues of freedom and justice' (Sen 1984: 30). In particular, Sen applauds Rawls for doing justice to the factor of human agency, thereby affirming the significance of freedom, autonomy and choice. But, at the same time, Sen, along with Nussbaum, has taken issue with Rawls on several grounds,[5] but primarily because for Rawls 'primary goods can be valued only instrumentally and very contingently' (Sen 1988a: 320).

In justification of the criticism that Rawls too sometimes tends to regard 'primary goods' as *means* to an end, that is, the functionings of persons to achieve human freedoms, Sen makes pointed reference to Rawls' ambiguous characterisation of his list of primary goods. This is apparent, for example, when Rawls vacillates in describing the primary good of 'self-respect' sometimes as 'the social basis of self-respect', that is, as a means to achieving valued human freedoms (Sen 1988a: 321). Sen argues that Rawls in highlighting the primary good of 'self-respect focus' on what primary goods enable people to do. Here then the implication is that Rawls is 'really after something like capabilities' (Sen 1988a: 320).

Similarly, turning to the welfare utility approach to development, Sen's objections are directed mainly on aspects of utilitarianism, characteristic of neo-classical economic theorising. Here again, he is not entirely dismissive of this form of thinking, in particular, of the consequentialism implicit in utilitarian thinking, that is, the view that the value placed on any act, the rightness of an act, is determined by the consequences, its goodness or badness. What he objects to is twofold: first, the emphasis on achieved results rather than the freedom to achieve and second, the welfarism of the utility approach which regards happiness or the fulfilment of one's desires as providing a satisfactory account of 'personal well-being', or deprivation as the case may be. Sen's main point in rejecting the

welfare utility approach is that subjective preferences such as happiness or the fulfilment of one's desires are often a very poor and sometimes misleading measure of well-being. To make his point, Sen suggests that people may be seriously deprived, for example, the poor, the exploited or overworked, and yet be quite cheerful, if they are satisfied because of social conditioning. In fact, the:

> [B]attered slave, the broken unemployed, the hopeless destitute, the tame housewife, may have the courage to desire little, but the fulfilment of these disciplined desires is not a sign of great success. (Sen 1987: 11)

Of course, in addition to this 'false consciousness', which permits the acceptance of acute inequalities by underdogs who become accomplices, allies of an unequal unjust social order, Sen agrees that even the affluent may be unhappy. This is, in short, Sen's critique of 'utilitarian methods of moral accounting' and his insistence that the human good cannot be identified with well-being. A utility (welfarist) approach to well-being 'at best captures part of the good life but at worst justifies severe deprivation and inequality' (Sen 1988a: 607).

Although Sen's 'capability paradigm'—his 'starting point' (Lane 1994)—stands closer to the basic needs approach than either the commodity or welfare utility approaches to development theorising, he is critical of the basic needs approach mainly on the grounds that it too is prone to the same errors of the commodities and utility (or welfare) approach, namely, commodity fetishism and being culturally and socially constrained. In addition, there are, according to Sen, two other respects in which the capability ethic differs from a basic needs approach: one, that it is committed to specifying a minimal threshold of need satisfaction and the other, that the concept of needs is a passive concept. According to the former, basic needs (usually confined to material or substantive needs) specifies a quantitative (survival) level of achievement, whereas the capability approach is more qualitative and implies a condition of capability, equality and optimum level of freedoms and valuable functionings. The 'passivity' criticism of basic needs suggests that the main concern is with the fulfilment of needs (what can be done for the person), whereas Sen's capability notion is seen as being more proactive and signifies an active agency aspect of personality.

Stated differently, the capability ethic is seen as enhancing people's capability (what can the person do?), including capability of choice as autonomous self-reliant persons. Sen's key contention, in his notion of 'capability of choice', is that people should be truly free in their choices of

what to value, what to do with their freedoms. The capability approach of Sen by rephrasing 'needs' as 'capabilities' may be seen as providing a firmer foundation for the rationale of the basic needs strategy. Sen's recasting of the needs concept provides a moral basis for regarding basic needs as 'a category more fundamental than commodities, utilities, human functionings or rights' (Crocker 1992: 604).

Summary and Conclusions

It is abundantly clear from the foregoing review of development theorising that the Copenhagen Summit has re-opened the question of not merely the operational significance of social development within development theory and practice, but its systematic status as a normative concept. Social development has had, as we have seen, a very uncertain and chequered history in development economics. For the last 25 years, the notion of social development was at best, an appendage to economic growth in a paradigm of development theorising which regarded the amelioration of social conditions, for example, poverty alleviation, as an inevitable and necessary outcome of rapid economic growth. Although this model of growth maximisation was supplemented by policy strategies involving direct and indirect approaches to raising levels of income (for example, redistribution of income or increasing employment opportunities), it has had little success globally in combating poverty and destitution.

With the resurgence of interest in social development in the 1990s, over and above a concern with the need to specify more clearly the goals of social development and determining appropriate policy responses, there has been a strong interest in reconceptualising the concept of social development. This reformulation and re-framing of social development within development theory has a critical bearing on determining effective intervention strategies. Put simply, there is no way out of the means/ends dilemma. The danger at all costs to be avoided is in making a fetish out of instrumentalities, and more seriously, of mistaking *means* for *ends*. It is in this regard that the work of Amartya Sen stands out for his refreshing and challenging approach to development.

Importantly, Sen rejects forcefully the view that economic growth is synonymous with development and regards human development as the expansion of basic human capabilities and the promotion of valuable human functionings bearing on human freedoms, rights and justice

which are integral to an acceptable view of development. Here, there is a more explicit characterisation of the *ends* of development, states of well-being and the freedom to achieve these states, which are 'the ultimate basis of judging the nature of development ... [and what is more] values are not just instruments, but also views about what should or should not be promoted' (Sen 1988b: 3).

Sen's approach is distinctive in that it represents a forthright and sustained argument on the need to acknowledge more clearly the moral assumptions that have for long been implicit in development policy making and social action strategies. Sen's 'capability ethic' is theoretically significant because this point of view acknowledges the strengths and weaknesses of the previously dominant development approaches, such as the commodity, the welfare and utility and basic needs approaches.

Furthermore, within this perspective, the understanding, analysis and measurement of inequality becomes central to articulating effective and meaningful policies of social and human development. Admittedly, the arguments for and against the pursuit of equality, the libertarian and egalitarian points of view, are, if we are to accept Sen's analysis, not to be resolved by the science of economics. Equality is both supportable and refutable, subject to one's philosophical and moral standpoint.

It is in this context that Sen, along with Nussbaum, has made a profound difference to our thinking about issues of human and social development by his exposition of the moral argument in favour of a development ethic. This is one, which by enhancing 'capability equality', is likely to lead to an egalitarian and redistributive ethic, and one which at the same time, is also committed to enhancing freedom and autonomy.

This mode of theorising and conceptualising human development has important implications for development policy and practice. What are important are policies, programmes and services that serve to enhance the capability of people to undertake valued functionings. These are not necessarily those promoting utility maximisation or income equity. In the end, as the UNDP Report saw it, 'human development is defined by the formation, expansion and use of human capabilities' (UNDP 1990).

If one of the main objectives of social development is to attain an adequate standard of living, then the focus has to be on one's capabilities and functionings. Therefore, development policies and practices which enable the enhancement of the capability of people to undertake valuable functionings, advocate the pursuit of 'participatory growth strongly supplemented by adequate social support' (Sen 1994: 79). Against this background, we are now in a better position to comprehend fully that human development is:

> [A] process of enabling people to have wider choice. Income is one of the choices but is not the sum total of human life. Health, education, a good physical environment and amount of freedom of action and expression are as important. (UNDP 1992: 3)

Ironically, the new breed of philosophically minded development economists like Sen and Dasgupta are wont to reclaim the moral sentiments and purposes espoused by the pioneers of modern economics. It was, of course, none other than Adam Smith who in promoting the merits of a commercial society, sought to defend 'the liberal reward of labour in terms of straightforward justice and equity' (McNally 1993: 52). We can do no better than, in taking social development seriously, recall the words of none other than Adam Smith's poignant observation that:

> No society can surely be flourishing and happy, of which the greater part of the members are poor and miserable. It is but equity, besides, that they who feed, cloathe and lodge the whole body of the people, should have such a share of the produce of their own labour as to be themselves tolerably well fed, cloathed and lodged. (Smith 1937: 96)

Notes

1. Seers (1969) interestingly observed that he remained unconvinced by this well-known argument suggesting that inequality can provide the incentives necessary for economic growth in the Third World.
2. On the issue of income distribution, Sen (1988a), for one, makes the valid point that a rise in income does not necessarily enhance one's 'entitlements' in education or health care. Streeten (1981) too observes that there was no necessary connection between increased income and need satisfaction.
3. Lane (1994) notes that whereas the social indicator movement was interested mainly in the quality of life as an aspect of subjective well-being, the economists viewed it as consumers' command over resources. Lane adds that philosophers like Nussbaum and Sen have greatly enriched this discussion of 'quality of life' by examining how it is influenced by the 'qualities of persons'.
4. Sen is sharply critical of the social relativity theories of poverty of Townsend (1985) and argues that poverty exists in an absolute sense. This difference in conceptualising poverty arises because, for Sen, one's standard of living is not judged by a quantum of goods and commodities, but by what one is able to do with these goods—that is, in terms of capabilities and functionings.
5. See Crocker (1992) for a well-documented analysis of the points at issue between the theorising of Rawls and Sen on theory of primary goods.

4

Marshall and Citizenship Theorising

Introduction

In the light of the pointed criticisms of the welfare state by orthodox liberals, neo-conservatives and the radical Left, the question of how one justifies 'welfare', not just the welfare state, has become a critical issue of contemporary social theory. In this respect, the seminal work of the sociologist T.H. Marshall (1973) on citizenship theorising is particularly relevant for those social policy theorists, anxious to reclaim the moral and systematic bases of welfare and the welfare state. These theorists have drawn heavily on the 'idea of citizenship' originating from Marshall's classic essay, *Citizenship and Social Class* (Bottomore 1992). Admittedly, the views of Marshall on citizenship and welfare have been an important intellectual driving force in British social policy thinking of the post-World War II period. According to Marshall, welfare, viewed as 'state welfare', was identified primarily in terms of social services regarded as an essential component of citizenship in the modern democratic state. These views of Marshall are equally 'valid in understanding the welfare state ideology of Western industrial countries whose political and economic structure is broadly similar to that of Britain' (Mishra 1984: 21). At the same time, there is no doubt that these ideas have underpinned the welfare state ideology that was transplanted from metropolitan centres in colonial outposts like Sri Lanka.

In contemporary debates about the nature and purposes of welfare, the idea of citizenship, originating with Marshall, provides a way for reconstructing the moral foundations of the social democratic viewpoint by focusing attention on the critical and difficult issues of individual rights and social justice. It is this combination of the *individual* with the *public*

and *social* which is most attractive, intriguing and sometimes baffling to the welfare theorist (Hall and Held 1989). One explanation is that although Marshall's intellectual roots lay strictly within the individualistic ideas of English liberalism, his writings focused strongly on the need to address *social* inequality.

The contemporary elaboration of the Marshallian citizenship paradigm is directed towards finding a legitimate way of dealing with the seemingly irreconcilable claims of freedom and welfare, and of the market and state as aspects of public life, as well as the dialectic between the individual and society or 'community'. In other words, Marshall provides a justification of welfare as a legitimate feature of the liberal democratic state, which accommodates market forces with the demands of a 'welfare society' but still remains firmly committed to the liberal values of freedom, justice and rights.[1]

The brief overview of the Marshallian notion of citizenship presented here considers the concept of citizenship as a status conferring an 'equality of respect' and an 'equality of rights'. The Marshallian idea of citizenship relates to notions of *political* and *social* citizenship, embodying distinct sets of rights, all of which require articulation, as entitlements and claims on the state based on need and equality. Furthermore, as we shall see, this exposition of the Marshallian idea of citizenship highlights the link between citizenship and community arising from the fact that citizenship implies membership status in a shared community. This, in turn, raises the crucial issue of *participation* in current theorising about citizenship and highlights ways in which the original formulations of Marshall have been modified and extended by recent theorists such as Harris (1987) and others.

The Idea of Citizenship and Citizenship Rights

Citizenship Rights and Equality

The Marshallian formulation of citizenship (Marshall 1950) is valuable because it provides 'some benchmark for defining the general good in matters of public policy' such that citizenship:

> [E]mbodies a concept of the common good which appeals not to highly specific and sectional goals, but to a set of needs, rights, resources and opportunities which individuals must have to pursue any goals at all in our society. (Plant 1988: 3)

Basic to Marshall's theorising is the idea of citizenship as a status 'bestowed on those who are full members of a community. All who possess the status are equal with respect to [their] rights and duties' (Marshall 1950: 84). Central to this viewpoint is that there is a range or 'bundle of rights' associated with citizenship consisting of civil, political and social rights. The status of civil and political rights, signifying 'political citizenship', is fairly well established in Western liberal democratic societies, but the notion of social citizenship, denoted by the scope and specific entitlements of social rights, has been problematic.

Historically, civil and political rights in Western societies were achieved only after considerable conflict and struggle, in the 18th and 19th centuries. The civil rights component of political citizenship included provisions to safeguard the liberty of the person, the granting of freedom of speech, thought and faith and the right to justice. Political rights, on the other hand, refer to political enfranchisement, for example, freedom to vote, organise, participate in social movements, associations and parties and seek political office. Collectively, these rights pertaining to political citizenship grant individuals rights of liberty and equality before the law and are regarded as 'negative rights' (Berlin 1969) because the freedoms they grant imply a corresponding obligation on others to refrain from interference or obstruction in the enjoyment of these rights.

The 'free and equal status' conferred by civil rights or legal rights, seen as the first stage in the development of political citizenship,[2] has enabled in many societies the achievement of political rights, which in turn were granted to all citizens without distinction. These encompass the right to enjoy 'full and equal membership' of the political community and exercise a degree of autonomous control and choice in matters of government. Thus, one set of rights is concerned with liberty, seen in the classical liberal manner and the other with democracy, and above all, equality.

The social rights embodied in citizenship theorising, which forms the basis of 'social citizenship', range from the right to a modicum of economic welfare and security to the right to share fully in the social heritage and enabling one to live the life of a civilised being according to the standards prevailing in the society (Marshall 1973: 16). These social rights, which form the basis of social citizenship, are much less specific than civil and political rights and refer broadly to the social services (for example, access to education and health care, security of employment, adequate housing and income maintenance). Social rights, in this sense, are essentially 'welfare rights' and constitute measures of social protection, which involve 'a claim on the resources of others using the tax system' (Plant 1988: 10).

They are said to be 'de-commodified' because they are not dependent on the market although the extent of de-commodification may vary with the rules and procedures governing benefits associated with these rights (Esping-Andersen 1990).

Furthermore, social rights, as 'positive rights', are based on claims for entitlements and benefits, some of which may be conditional (Esping-Andersen 1987; Plant 1988), but unlike 'negative rights', these welfare rights require positive action by others, in particular, the state, and they also necessitate a redistribution of resources.[3] Marshall's exposition of social rights did not envisage that these rights would yield individual entitlements, only that 'the state had a general duty to provide collective services in the fields of health, education and welfare' (Plant 1991: 57). On the question of duties associated with rights, the enforceability of entitlements raises complex issues of welfare policy and practice which lie beyond the scope of this essay, except to point out, as Plant (1991: 60) does, that we need to look at 'a range of ways by which social rights could become enforceable'.

There are two other important features of this exposition of citizenship which warrant some comment. The first is that in Marshall's view, citizenship is both a *status* and a set of rights, and importantly there is a strong undertone towards achieving 'a measure of equality'. Citizenship operates on the principle of equality; it confers an equality of status and an equality of rights. Thus, as much as citizens have equality before the law, 'the distribution of the *social means* of citizenship should be as fair and equal as can be attained without infringing the other rights of citizenship' (Plant 1991: 56). Second, Marshall's historical account of the emergence of citizenship rights and principles of equality is pitted against market forces and social structure. In particular, this pertains to structural factors of class which are based on a 'system of inequality anchored in property, education and the structure of the national economy' (Giddens 1981: 190).

The market operating through its system of monetary exchanges and distribution of goods is amoral and creates class inequalities. The conflict between these two tendencies of the democratic polity and the capitalist market is central to Marshall's argument; the mediation (compromise) between these 'contrary principles' is, by means of the welfare state, a mechanism which is expected to intervene and correct the structures of inequality by achieving some measure of redistribution.[4]

The concept of equality, espoused by Marshall, however, remains unclear. In his early writings, he was decidedly more egalitarian and suggested that equality was related to 'an equal start in life and career open to talents'

(Marshall 1950: 156). Later, this was modified to mean 'fair shares', which was more in accord with the Rawlsian notion of 'fairness', namely, that there are legitimate or defensible inequalities (Rawls 1985). Marshall's (1975: 111) contention that 'some inequalities are fair and acceptable, and others are not' may be defended by invoking the argument of Rawls (1972) that inequalities would be tolerated if they benefit the worst off members of society. It was Marshall's strong belief in this principle of equality which convinced him that the social inequalities generated by the capitalist system could be made more equal by democratic reforms relating to citizenship rights, especially in the social domain.

Hence, Marshall's classic statement is that 'equality of status is more important than equality of income', and his faith is that equality will in the long run enrich people's life chances. For Marshall, the equality principle was applicable not just in determining who was entitled to rights, that is, equity issues (procedural equality),[5] but also in ensuring that there would be a fair and just distribution (substantive equality) of scarce resources in meeting needs implicit in fulfilling rights. Thus, the needed reforms of the polity were to be built around rights. However, the exact nature and form of these citizenship rights, their range and precise number and their classification have been matters of controversy.[6]

This account of citizenship theory, according to Reisman (1984), provides the conceptual and ideological foundations for the middle ground between the democratic polity, the capitalist market economy and the welfare state. The links between these three sub-systems (the polity, market and welfare) highlight, for Marshall (1981), the critical relationship between citizenship and social stratification, and creates the compromise of the 'hyphenated society' of democratic welfare-capitalism. It is this social framework—comparable with corporatism—that facilitates the grant of equal status as a citizen in some respects to be compatible with inequality in the market operations of the capitalist economy. This, Marshall (1973) explains, is because citizenship provides the 'foundations of equality on which the structures of inequality could be built', that is, rights and duties persons share by virtue of their citizenship.

Hence, the crucial purpose of the welfare state in a democratic system was to make inequality more acceptable and legitimate and reconcile the market and the democratic polity. The achievement of this through the principle of equality was of central importance because it is the status of citizenship which 'bestows upon individuals *equal* rights and duties, liberties and constraints, powers and responsibilities' (Held 1989: 190). In short, 'the market is the friend, not the enemy, of welfare' (Reisman 1984: 154)

and herein lies the crucial significance of the welfare state in a democratic system which was to make inequality more acceptable and legitimate.

Citizenship and Participation

Central to Marshall's concept of 'citizenship rights is the notion of social participation of persons within the community as fully recognised legal members' (Turner 1986: 134). What is fundamental to the idea of citizenship is that it confers:

> [F]ull membership of a community where membership entails participation by individuals in the determination of the conditions of their association. (Marshall 1973: 70)

Participation is circumscribed by the political community, usually a nation-state, and the requirements are imposed by the legal status of being a citizen in such a community. In this sense, participation is largely a matter of political rights and political participation. However, bearing in mind the links between political and social citizenship, it is reasonable to assume that participation involves both political and social participation. While economic security and social well-being were regarded as being necessary for effective political participation, it was also true that civil and political rights, being a form of power, were a precondition for demanding other rights such as welfare rights claiming entitlements and benefits guaranteed by the state. Although effective participation necessitated both aspects, the exercise of power, derived from political citizenship, was essential to social participation.

The question of participation brings to the fore a key feature, Marshall's view of citizenship. This is the view that *equality* is not just a matter of the formal recognition of rights alone but also one of *enforcing* rights, and thereby achieving the equity and fairness inherent in rights. Disadvantaged and powerless groups need to be able to exercise their civil rights in order to create the conditions which would enable them to claim their entitlement to social rights, such as access to education and health services. The minimal notion of equality of opportunity is even less than minimal as far as these groups are concerned, because they merely affirm the existence of equality of opportunity without providing *enabling* basic conditions necessary for its effective realisation.[7] It is in this sense that strengthening political citizenship through full and effective participation is seen as a necessary condition in the struggle for social rights. For this reason, much of the discussion on citizen participation has centred around

the achievement of political participation. In short, a broader notion of citizenship is essential to the development of social rights and social participation.

Theorists such as Giddens (1981, 1982) have sought to extend the Marshallian approach to citizenship in arguing that the achievement and expansion of citizen rights is not entirely dependent on class conflicts. These theorists point to the growing significance of the notion of social pluralism associated with a variety of social movements (for example, race/ethnicity, human rights and social ecology), all of which point to new social forces demanding changes in the achievement and expansion of citizen rights. Put simply, it is clearly not possible to understand what is meant by citizenship and the rights of citizenship in contemporary societies without specifying the concerns and pressures of these groups.

The notion of citizenship must perforce take account of the pluralist nature of modern societies by extending the realm of the political to a wide range of competing groups and at the same time acknowledge differences (for example, the notion of 'differentiated citizenship') within a society. To use Walzer's (1983) terminology, the contemporary demand for citizenship has become essentially one of redefining the boundaries of the 'spheres of justice'. The existence of multiple spheres of justice implies multiple sub-communities, each with its own meaning of particular 'social goals' (for example, money, political power, prestige and education) and moral bases and 'a just society must be made up of a number of distinct institutional spheres in which goods are allocated according to radically different principles' (Miller 1989: 5). Hence, if citizenship is to provide a defensible intellectual and moral basis for this degree of differentiation in societies and associated social movements, such as multiculturalism and the women's movements, it has to go beyond the conventional understanding of rights and accommodating *institutional* and *value* pluralism.

For this purpose, Held (1989) rightly maintains that what is fundamental to the idea of citizenship is the involvement of people in the community in which they live. In other words, the post-Marshallian debate about citizenship is one that invites:

> [M]ovements [that] struggle to gain degrees of autonomy and control over their lives in the face of various forms of struggle for membership and participation in the community ... for different groups, classes and stratification, hierarchy, and political oppression. (Held 1989: 199)

To conclude this discussion, we see that the main elements of the logic and rationale of this notion of citizenship are intrinsically bound by a broad conception of rights and the participation of individuals as

members belonging to a community and groups in the public domain. A pre-condition for this sense of participation is the claim to a set of civil and political rights leading to social rights. It is important to see these citizenship rights, not only in liberal terms as individual claims but also as being integral to a sense of community and membership in a community. We now turn to consider how this view of citizenship may be seen as having an integrative function.

Integration through Citizenship: Societal and Social

One of the attractions of the Marshallian idea of citizenship is the expectation that citizenship enhances integration and solidarity by generating:

> [A] direct sense of community membership based on a loyalty of free men endowed with rights and protected by the law. (Marshall 1950: 404)

Undoubtedly, one of the beneficial outcomes of the expansion of citizenship is the achievement of a high degree of social integration, referring to the process whereby individuals are able to conform to, and act in accord with, the actions of others. This process has been generally explained in one of two ways. One dominant point of view associated with such theorists as Parsons (1965) states that the basis of social integration, social harmony and social cohesion is the possession of a common set of norms, moral sentiments, and feelings of belonging and shared values. What is given greater emphasis is the need to gain acceptance and legitimacy for the social commonalities through processes of socialisation (for example, educating for citizenship) which are directed towards gaining uniformity and conformity with these common and shared values.

These normative aspects typically reflect the view of the dominant groups and élites in a society, which may conflict with the 'culture' of other groups, including class culture. These conflicts are more likely to occur 'when social conditions and opportunities are unequally distributed, [and there exists] different sets of values and expectations' (Barbalet 1988: 80). In the long run, this makes a unified system less likely. In any event, the diversity of pluralism may be seen as endangering social integration to the extent that there may be marked divergences from common shared values. The import of this mode of reasoning is to avoid particularist differentiations and to make integration contingent on some degree of assimilationism.

The other main explanation of the process of integration, linked to Marshall, rests on the assumption that citizenship creates 'a civilisation with a common possession'. But interestingly, for Marshall, the *common possessions* are focused on material benefits, especially the complex negotiations surrounding 'social exchanges', which are reconciled and coordinated through the political process, of competing and conflicting interests of different groups. In Parsonian terms (Parsons 1965), this is equivalent to societal integration (system integration) which refers to relationships between the different 'units', segments and structure of the social system. Clearly, the effective exercise of the political citizenship, the achievement of political rights in a political community, is fundamental (Bendix 1964) to this process of accommodation and integration within the social system. The common possessions arise out of this process linking political and social citizenship and is in turn strengthened by it.

Barbalet (1988) also makes the more important and valid point for this discussion by pointing out that for Marshall, 'integrative citizenship' is based not on values and interests but on a 'material civilisation' which inevitably will have different cultural and social facets and accretions.[8] Here, the distinction between two meanings of social integration (normative and material) parallels the distinction associated with Parsons (1965) between 'societal integration' and 'social integration', which refers more to the moral order. This distinction may also be expressed as a difference pointing to relationships existing between institutions (system integration) or between individuals (normative integration).

Given the conditions of late capitalism, all Western advanced industrial societies will inevitably experience some degree of homogenisation, a levelling, due to the growth of a consumer-oriented mass society (compare with convergence theory and also the emergence of post-modernism). Therefore, in these situations, social integration is more likely to be a function of economic and social well-being achieved through full membership of a community and a common citizenship, based upon the equality inherent in citizenship, rather than on cultural uniformity or homogeneity. This is in many respects consistent with Marshall's (1950: 96) view that in the realisation of citizenship, 'social integration spreads from the sphere of sentimental and patriotism into that of material enjoyment'. Or, to put it differently, societal integration (system or institutional) is more fundamental than social integration (normative).[9]

Interestingly, several commentators argue that this peculiarly Marshallian point of view is inadequate to account for the integration problems of plural and culturally diverse societies because:

> [I]t assumes that [the] core assumptions of a civilisation or culture are more or less stable and that integration is a process of historical expansion through incorporation by different groups within a common national community. (Barbalet 1988: 93)

This interpretation is partly based on a failure to understand the alternative ways in which the notion of integration has been conceptualised in the literature. But it is also the case that this apparent inconsistency arises only when one adopts a particular view of culture (civilisation), namely, an idealist view, stressing attitudinal and affective characteristics. This difficulty, as suggested elsewhere (L. Jayasuriya 1992), is avoided by adopting a more materialist interpretation of culture, such as that based on Williams (1985). This would make Marshall's view of integration more consistent with a multiculturalist interpretation of 'civilisations' and suggest an acceptable way of incorporating migrants and other ethnic minority groups into the wider society.

Mutual Aid, Reciprocity and Community

This account of integration is important for Marshall in two main respects. In the first place, the integrative function of citizenship arises primarily because the social policies that distribute and allocate the 'common goods' of citizenship, are premised on a sense of *mutual aid* and altruism, that is, a mutual concern for others, and a high degree of moral consensus about the desirability of welfare. This integrative function of citizenship derives directly from welfare, because through this focus on need rather than market forces (for example, the ability to pay), it enforces a common standard which serves as a 'levelling force'. The welfare state is, 'therefore, ideally an institutional recognition of social solidarity' (Harris 1987: 145) [and] 'principally derives from the equality of status which inheres in [citizenship rights]' (Barbalet 1988: 87). In this sense, welfare integrates.

Thus, for Marshall, the universality of social rights as embodied in services which are only contingent upon the rights and entitlements of citizenship reduces social distances and marginality. It is this commonality born out of a principle of equality, or, as Marshall (1981: 51) puts it, 'when you are weighing a naked baby on a pair of scales, the idea of social class does not obtrude itself unduly' which leads to a diminution (not elimination) of class distinctions, and in a plural society also to other differentiations. The class fusion[10] produces a new common experience which is unifying and integrating. It is for this reason that 'universality', so essential to integration, is more likely to be achieved, irrespective of

ethnicity, through the exercise of citizenship, where equality of status is more important than equality of incomes (Marshall 1950: 102). Put simply, a reduction in equality enhances integration and engenders stability. Barbalet (1988: 50) interprets this process, as 'a qualitative equalisation between persons ... [reducing] the importance of class distinction and other social distinctions'.

The other important feature of Marshall's view, relevant to the integrative function of citizenship, is his strong insistence on *reciprocity*, that is, that there are obligations closely associated with citizen rights (Janowitz 1980). However, other commentators (for example, Barbalet 1988) regard Marshall's reference to duties and obligations, characteristic of the orthodox view of social cohesion, as secondary and also poorly conceptualised. This is mainly because on occasions, Marshall 'treats a right as equivalent to duty' (Reisman 1984: 166). But there is no doubt about the primacy attached to rights and also that the integrative function of citizenship derives from citizen rights, not duties. Admittedly, the interplay between rights and duties remains one of the intriguing questions of social policy and revolves around ideological issues such as whether one adopts a collectivist or individualist value stance.[11] As we had occasion to note, rights certainly are often couched in the language of individualism, whereas duties are cast in a more collectivist strain. This, of course, could be argued differently, depending on how rights are justified prescriptively.

For social integration, perhaps more important than citizen rights is the status of citizenship and participation. This, as we have noted, is based on loyalty to a civilisation, which is a common possession (Barbalet 1988: 88). The term 'civilisation' itself is problematic because it is not clarified by Marshall. Barbalet (1988: 88) suggests that this vagueness of usage is itself an advantage because 'a greater range and diversity of interests and values of citizenship can be accommodated by it'. This allows for greater flexibility and a wider basis on which social integration may take place such as through processes of socialisation into the values and interests of the 'common civilisation'; and, for Marshall, this is a 'common *material* civilisation', not one of values and norms. The conditions under which this internalisation takes place require specification and are greatly dependent, among other factors, on the power relations between groups and individuals, a neglected element in Marshall's theorising (Dahrendorf 1954).

In this respect, what is particularly valuable is the notion of *community* which we encountered in discussing the post-Marshallian notion of 'communal participation'. This is in accord with the recent trend in social philosophy which has drawn attention to the neglect of the notion of

community in liberal philosophy steeped in individualism.[12] These authors, drawing on a variety of sources, argue that the emphasis on individual claims neglects the manner in which individuals are located within the social realm. For the communitarian critics of conventional liberalism, individuals only discover their sense of identity in social practices,[13] and:

> [I]t is obviously false to suggest, as Hobbes sometimes seemed to do, that all our connections are mere 'market friendships' voluntarist and self-interested in character, which cannot outlast the advantages they can bring. It is in the very nature of a human society that individuals bred within it will find themselves caught up in patterns of relationships, networks of power, and communities of meaning. The quality of being caught up is what makes them persons of a certain sort. (Walzer 1990: 10)

In other words, orthodox liberal theory distorts the reality of 'situated selves' and 'a citizen cannot properly be conceived independently of her insertion in a political community ... and [such a community] goes beyond liberal individualism to questions of justice, equality and community' (Mouffe 1992: 4). Furthermore, communitarian theory, as we have noted previously, contends that there are specific multiple 'spheres of justice' relevant to particular social goods. Accordingly, Walzer calls for a plurality of foundations of justice and a different set of principles for ordering arrangements to meet needs, but the moral claim to welfare itself resides in the community which takes into account classes and other groups in society. Therefore, citizenship by virtue of membership in the community, entitles one to welfare as belonging to the 'common good' (Mouffe 1988).

For our purposes, what is important to recognise is that the notion of citizenship acts as a bridge between individual needs, rights and community membership. To use Walzer's language, the participation in the public domain in the political community pre-supposes a basic social and political equality. It is this equality which is essential for the development of a sense of community and in facilitating social integration. Social integration in a post-Marshallian sense has pointed relevance for pluralism for two main reasons.

First and most significantly, it shows how the notion of citizenship has an integrative function in plural societies by linking equality with greater stability. In the main, this is achieved by class and group fusion (by diminishing illegitimate inequalities and reducing differences based on class or group distinctions) and creating a unifying equality of status and rights. Second, participation in a 'common civilisation', interpreted

as the existence of a 'common material culture', especially in a pluralistic community, arising from mass production and the growth of capitalism, is considered more conducive to solidarity as it avoids the particularism and value conflicts implied by normative integration.

Conclusion

The future of the welfare state has generated a considerable volume of literature, most of which has tended to concentrate on an examination of the directions, and consequences, of welfare policies, strategies of policy implementation, structures and mechanisms of service delivery and the economics of welfare. While these studies say a great deal about the means of policy and models of welfare reform and contribute to a better understanding of the operation of the welfare state, much of this discussion appears to have taken for granted the aims and purposes of the welfare state. We need to remind ourselves that the 'welfare state refers to a set of policies whose aim is to modify the play of market forces with regard to security in, and distribution of, living conditions' (Briggs 1965) and also that the ideological roots of welfare lie in the liberal democratic tradition. In the preceding discussion, we have sought to reverse this trend of debate and criticism by focussing on questions about ends rather than means, that is, about the functions of the welfare state and its justification. In so doing, we have raised some critical questions of social theory and philosophy relating to welfarism and argued that the central concern of the ongoing debate should be about the moral foundations of the welfare state.

In this context, we have drawn on the principles and tenets of 'citizenship theory', enunciated by Marshall as a basis for justifying welfare and the moral basis of the welfare state in a liberal democratic society. In reaffirming the essential soundness and value of Marshall's theorising, especially about citizenship rights and the search for equality, we have sought to demonstrate the need to mitigate, if not overcome the inequalities[14] that reside in free market capitalism, especially those associated with social divisions of class, gender and ethnicity. As suggested, citizenship in its post-Marshallian version offers a rational and an ethical way of dealing with market inequalities, a solution which some have described as 'market socialism'. Accordingly, advocates of 'market socialism' such as Harris (1987) argue that the ideal of citizenship does not necessarily entail an antipathy of markets, provided market outcomes can be modified with

justice and fairness, so that citizens are guaranteed their rights as members of a community.

We have additionally sought to extend the understanding of citizenship theory in several important respects; first and foremost, by highlighting the fact that citizenship refers to common membership of a shared *community* which entitles citizens to a 'bundle of rights', all of which make entitlements and claims on the state. Importantly, the range of individual rights and duties associated with the welfare state is to be seen as arising from full membership of a community, where citizens enjoy an equality of status and equality of respect. Furthermore, in our capacity as citizens, we are reminded of the claims of others, which may be in need of careful specification. For this reason, it is suggested that individuals or 'persons' are always 'situated' or 'embedded' by ties of community and that 'we cannot conceive of our personhood without reference to our roles as citizens and as participants in a common life' (Sandel 1984: 5). Hence, the ideal of a community requires a morality of mutual concern and responsibility.

In advancing the communitarian case for rights within citizenship theory, we have argued that it presents a more morally defensible justification for welfare than one based on individual rights, altruism, hypothetical social contracts or an enlightened self-interest. This broader formulation of citizenship is seen as belonging to the '*public ethic* [and seeking] to reconcile our inherent inter dependency with an equally inherent human need for personal autonomy and ethical self-determination' (Ferris 1985). In this manner, we are able to preserve the essential virtue of political liberalism and democratic freedom by locating citizenship rights within a 'political community' (viewed as independent states, or nations) firmly grounded in *rights, justice* and *equality*.

Second, it is recognised that what is crucial for the achievement of citizenship rights, within the political and social domains, is *participation*. It is only by enhancing the conditions of *effective* participation that the principle of equality, central to Marshall's notion of the status of citizenship, can gain any meaning or significance in a democratic society. It is participation which enhances the status of citizenship and enables one to exercise one's rights. Citizenship is 'not mainly about where people stand, but about what they do. *It is about participation*' (Dahrendorf 1975: 44).

Third, and importantly, citizenship has to be seen as providing the basis for enhancing solidarity and integration within a political community by virtue of the 'common good' (that is, moral values, shared understandings and public interest) enshrined in citizenship rights and equality. The integrative function of citizenship is, as we have argued, of

critical significance in the post-Marshallian formulation of citizenship theory. This is important because it has a bearing on the complex issue of pluralism in contemporary societies by indicating a way of creating a 'common civilisation' amidst difference and particularism. Phillips (1991: 83) expresses it succinctly by pointing out that 'when society is socially differentiated, then citizenship must be equally so'. In short, we have argued that a revitalised notion of citizenship, located within liberal and communitarian thinking, offers a way of reconciling 'the common good' with 'pluralism' via the concept of a political community.

The future of the welfare state, properly understood as a spirit rather than a structure, in Marshall's sense, and which avoids 'the dangers of nostalgia for the Greekpolis and Gemeinschaft types of communities' (Mouffe 1992: 5), may well lie in our ability to distinguish between the requirements of economic liberalism and those of political liberalism, the operation of market forces and state activities, or freedom and welfare. There is no necessary connection between these forms of liberalism except the need to make sure that the essential principles of liberalism such as equal respect, the need for freedom and equality are made more explicit. Admittedly, historically, the attempt to reconcile individual freedom as 'self-development' with the market freedom of entrepreneurial capitalism has been difficult and problematic. This historical reality, however, should not deter 'ethical liberals' from detaching the 'market assumptions' of capitalism from the principles of liberalism and integrating them 'into a truly democratic vision of participatory citizenship' (Phillips 1991: 84).

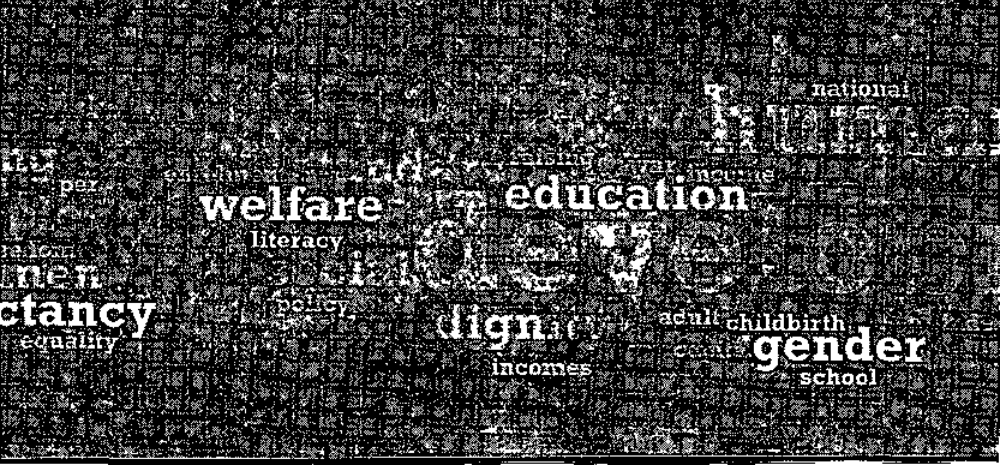
Democracy will have a very precarious existence, indeed, if it is concerned only, as advocated by neo-conservative theorists with promoting individual liberty and serving exclusively individualistic and private ends. The corrective for such a jaundiced view must surely be through a theory of citizenship which embraces a range of citizenship rights, public and social. The idea of democracy in a diverse and plural society rests with citizenship; it is a citizenship which neither reduces citizens to a nominal legal status nor defines the 'common good' in terms of 'wealth creation', 'tax payers' freedom' and 'efficiency'; it is essentially one which, transcending self-interest and everyday parochialisms, enshrines the virtues of civic republicanism's emphasis on the 'common good' and participation in the polity.

Notes

1. Compare the recent exposition on 'democratic market socialism' by Miller (1989).
2. As Bottomore (1992) and others have noted, Marshall's study of the development of citizenship was concerned with Britain and it is acknowledged that this pattern of development is by no means universal (compare with citizenship in eastern European countries).
3. The difference between 'positive' and 'negative' rights according to Berlin (1969) represents the difference between *freedom from* (negative) and *freedom to* (positive). Thus, social rights as 'positive rights' allow individuals to function more effectively in society.
4. That welfare itself creates inequalities is well established. As Bottomore (1992: 65) rightly observes, 'the growth of social rights in the welfare state has not fundamentally transformed the class system nor have welfare services eliminated poverty'. But this does not in itself vitiate the fact that welfare mitigates market inequalities and is conducive to achieving greater equality.
5. Market forces are indifferent to morality and are governed only by fair dealing (procedural equality) and promise keeping.
6. For instance, Giddens (1981) offers a fourfold classification of rights, namely, civil, economic civil, political and social.
7. Rights granted by the state are guaranteed through a variety of social mechanisms (legal and constitutional means). Parsons (1965) refers to these guarantees as 'rights, enabling *participation* in *citizenship*'.
8. Walzer's (1983) distinction between 'simple equality' (civil and political rights) and 'complex equality' (social rights), where the latter also implies that the entitlement to social rights is governed by the diversity in society. See also Dworkin (1978).
9. Likewise, Gellner (1983) sees material interests, the material underpinnings, of industrial society as the basis of social harmony rather than communal sentiments and loyalties.
10. Reisman (1984) suggests that it would be logical to extend the notion of class fusion 'to enshrine racial fusion' in relation to the integration of new immigrants; however, he does not discuss this wider usage.
11. For instance, Plant (1988) argues that 'rights depend on reciprocity of some sort' and defends the view that entitlements or benefits attached to rights are generally conditional.
12. See Etzioni (1989) for a useful review of these new movements in social philosophy.
13. See also Miller, who argues that 'personal identity is *partially* constituted by communal attachments' (1989: 234), thereby maintaining some degree of individual autonomy.
14. According to Carling (1991: 73), the feature that marks out capitalism as a social system in addition to the propensity to promote technological development is its tendency to generate social inequality.

PART TWO

The Evolution of Social Development in Sri Lanka



5

The Formative Phase of Social Development in Sri Lanka

The fittest spot in our Eastern dominion in which to plant the gem of European civilization, whence we may not unreasonably hope that it will hereafter spread over the whole of these vast territories.

—Charles Hay Cameron in Jeffries (1962)

Introduction

In adopting a distinctly historical focus to this exposition of Sri Lanka's social development experience, we endeavour in this chapter to highlight the impact of British colonial policy on the development of Sri Lankan social policy by distinguishing two significant phases—the early and late colonial state. The early colonial state (1833–1931), as previously noted, extends from beginnings of British colonial rule to the third decade of the 20th century. From the perspective of social development and the evolution of social policy what differentiates the *early* from the *late* state are two epoch making constitutional reforms—the Colebrooke–Cameron Reforms of 1833 (Government of Ceylon 1833) and the Donoughmore Commission Reforms of 1931. The early colonial state examined here represents the formative phase of social policy and is focussed primarily on modernisation. On the other hand, the late colonial state (1931 onwards, discussed in Chapter 6)[1] concentrates on democratisation and the emergence of welfarism and, subsequently, the collapse of the welfare state.

However, what is distinctive of the early colonial state extending from the 19th through to the first half the 20th century was that it was during this period that Sri Lanka experienced the full impact of European-exported

modernity via colonialism. This, as in other parts of the colonial world, included: 'the idea of a unified nation-state with a dominant national language, an industrial economy, a national schooling system, and modern technology' (Rossow 2008: 4).

This highly significant phase of British colonial rule, which commenced only after total colonial rule and was imposed on the whole country by the British in 1815, is notable for the policy initiatives directed towards the establishment of a well-developed plantation economy and an institutional fabric appropriate for sustaining a modern colonial export economy. These processes of modernisation which led to far-reaching social and economic reforms were a direct consequence of the radical reforms introduced by the Colebrooke–Cameron Commission of 1833. Considering that the history of British colonial administration in Sri Lanka for nearly one and half centuries is marked by several significant and memorable reform initiatives, none were more critical for the future development of the colony than the political reforms that flowed from the Report of the Colebrooke–Cameron Commission of 1833.

The early colonial state in this formative phase of colonial rule was heavily influenced by the constitutional reforms stemming from the Colebrooke–Cameron Commission of 1833.[2] These reforms which laid the foundations for a liberal democratic political system enabled all subsequent social policy developments, particularly those leading to a welfare state during the late colonial state. As Mills (1933: 65) rightly observes, the year 1833, heralding the Colebrooke–Cameron Reforms, is 'a landmark in the history of Ceylon'. By its liberal, pragmatic thinking the sweeping and progressive reforms of the Colebrooke–Cameron Commission established a solid basis for the political and social development of the colony over the next 100 years (K.M. de Silva 1965, 1981; Mendis 1956, 1957). Furthermore, this kind of policy borrowing, as Cook (1993) points out in his study of Ireland and India, was an important aspect of the British colonial experience. Sri Lanka thereby managed to become a kind of colonial social laboratory.

Modernisation and the Early Colonial State

Governance and Judicial Reforms

The 1833 Reform Commission sought to reform the system of government mainly by introducing radical changes to the system of public

and judicial administration. The thinking of Colebrooke and Cameron was markedly influenced by the utilitarianism[3] of the era, especially the writings of Jeremy Bentham and John Stuart Mill (Stokes 1959). It was this 'spirit of utilitarianism' which sought to justify actions on the basis of contributions towards increasing human satisfactions and decreasing satisfactions (Sleeman 1973: 14). No doubt Colebrooke, driven by 'utilitarian ideas', sought to establish an efficient unified system of public administration. Cameron was primarily concerned with introducing a liberal political culture based on the rule of law and a new system of judicial administration.

Colebrooke, by his public administration reforms, sought to incorporate in an alien colonial context British liberal principles and utilitarian values such as the merit principle and equality of treatment. Thus, on the question of staffing of, and recruitment for, the public service, Colebrooke made a strong case for the inclusion of Ceylonese (that is, the local inhabitants) in the higher public service hitherto confined to British civil servants drawn from the élite universities in Britain. Similarly, he argued strongly for a competitive system of examinations as the basis of entry to the Civil Service—an idea borrowed from the Northcote–Trevelyan reforms of the British Civil Service (Warnapala 1974). The opening up of the public service to local applicants—the Ceylonisation of the public service—was in later years to gain in importance as an issue for political agitation. It was destined to become a catalyst for other social policy reforms, especially those relating to higher education.

These measures of governance, indicative of the opposition to patronage (for example, the hereditary privileges afforded to high caste persons such as headman), signify the influence of the intellectual ideas and values of utilitarianism in Britain during the 19th century on British colonial policy (Evans 1978; Goldthorpe 1964). Utilitarian ideas were also markedly evident in another main reform proposal of Colebrooke, namely the abolition of the semi-feudal traditional practice of compulsory service or *rajakariya*. According to this feudal practice, the nobility and high status persons enjoyed the right to extract forced labour from the lower caste ordinary workers and peasants. With the recommendation for its abolition, the 1833 Reform Commission took a major step in modernising society by liberating it from some of the constraints of its traditional feudal heritage.

Furthermore, by endeavouring to free land and labour from feudal controls and restrictions, these reform measures helped to create an atmosphere conducive to private enterprise in shaping the development of the colonial economy. A free wage labour force working on the plantation

economy was also conducive to 'the development of individualism ... a potent feature in the proposals of Colebrooke for economic reform' (Samaraweera 1973: 86). There is no doubt that 'the introduction of capitalism to Sri Lanka around 1833 marks the beginnings of the modern period of Sri Lankan history' (Kannangara 1988: 136). In this context, the Colebrooke reforms initiated an economic climate opposed to mercantilism and state monopolies, but steeped in laissez faire doctrines of individual enterprise and free trade, all of which helped the growth of a prosperous plantation economy from 1850 onwards (Snodgrass 1966).

The colonial economy, based largely on overseas capital, was a classic example of an enclave economy. It was built around four main commodities: first, coffee to about 1886, followed by tea, rubber and coconut, the mainstay of the economy to this day. This left the rest of the economy to the traditional peasant agriculture sector which was relatively neglected by colonial policy (Bandarage 1983; Snodgrass 1966). In effect, this created a 'dual economy', 'a highly organized, foreign owned, capitalist plantation economy [alongside] a tradition bound, primitive, self-sufficing subsistence peasant economy' (Ponnambalam 1980: 8). The new colonial export economy also helped to generate a significant commercial entrepreneurial culture, which in turn created a local capitalist class based on the mercantilist foundations of the export economy (Bandarage 1983; Jayawardena 2000). This new local bourgeoisie was destined to play a vital role in shaping subsequent political and social developments of the 19th and 20th centuries, especially in the campaigns for political reform and self-rule (K. Jayasuriya 2001; Jayawardena 2000).

Equally significant were the far-reaching judicial reforms proposed by Cameron, the other member of the 1833 Reform Commission. Cameron was a progressive liberal who with his *Charter of Justice* based on the rule of law, introduced a uniform system of judicial administration. With these reforms, he sought to restrict the powers of the Governor who as a rule in the colonial state was able to exercise considerable executive power in the exercise of his functions and duties as the sole authority of government. Cameron also argued strongly for the role of an independent judiciary as the basis of good government and an effective check on the abuse of executive powers. As 'a dogmatic utilitarian' (Samaraweera 1973: 87), Cameron was more heavily influenced by Jeremy Bentham than was Colebrooke and was forthright in wanting to depart from local traditions and practices. With these reforms, he laid the basis for the rule of law ensuring the protection of the equal rights of all individuals, all of which were influential in creating a judicial system markedly different from

customary practices in that the administration of justice was without distinction of race, creed or social status.

Colebrooke too, in his reform of the system of public administration, favoured giving the Ceylonese a greater role by restricting the autocratic powers of the Governor in the administration of the colony. This, he believed, would play a decisive role in 'the gradual amelioration of colonial [traditional] institutions' (Mendis 1956: 58). To this end, there was to be a Legislative Council responsible for the day-to-day administration of the colony, consisting of 12 members. The composition of the Legislative Council—a body entrusted with legislative and executive powers—included six members designated as Unofficial Members and selected by the Governor from representatives drawn from the inhabitants of the country. The inclusion of persons other than officials of the government in this governing body was a radical initiative which was destined to impact on the future fate of colonial governments and eventually leading to indirect rule with demands for greater local representation on governing bodies.

A lasting contribution of the liberalism of Colebrooke and Cameron was to introduce one of the guiding tenets of British colonial rule, namely, 'indirect rule' based on a partnership with local élites. It was a characteristic feature of British colonial rule 'to seek allies ... [through] a class of collaborators ... in the conquered territory' (Mamdani 1976: 42) who were rewarded for playing a mediating role on behalf of an absent ruling class. The path-finding constitutional reforms of the Colebrooke–Cameron Commission also included opening the civil service to qualified Ceylonese. The latter was highly significant and gained in salience with the rise of an influential Ceylonese capitalist class who continued to agitate for a greater share of political power in governance by increased representation in the political system of the colony (Jayawardena 2000; Singer 1964).

The British Colonial Office, in this regard, was more liberal than the India Office of the mid-19th century, which under the influence of James Mill (father of John Stuart Mill), was more doctrinaire and resistant to greater demands for indirect rule (Stokes 1959). This, in part, accounts for the different paths to independence followed by India and Sri Lanka, and, again highlights the importance of understanding the relative autonomy of the local colonial state. According to Stokes (1959: 321), in contrast to India, 'only in Ceylon, under the less authoritarian rule of the Colonial Office, did the liberal wing of the utilitarian mind predominate'. Sri Lanka during this period provides a counterpoint to the Indian experience where of course Utilitarian ideas had a major impact. However, 'in India, the

connection between ideology and policy formulation was complicated by the size and diversity of the dependency and by the imperial structure of authority' (Cook 1993: 63). The Sri Lankan local colonial state, on the other hand, was more entrenched and the utilitarian ideas met with less resistance from both the metropolitan state and the domestic arena, especially from colonial administrators.

Besides the influence of utilitarian ideas, stemming from the Colebrooke–Cameron reforms, the other major influence on social policy development during this early phase of colonialism was the Christian Church. The impact of the Church was mainly through Christian missionary enterprise and evangelicalism. The latter was dominant in the intellectual armoury of the British Colonial Office and colonial administrators, all of whom belonged to the British ruling class (Dicey 1996; Stokes 1959). The influence of Evangelicalism was clearly evident in the desire of colonial administrators, when confronted with two well-established religious systems—Buddhism and Hinduism—to assert, with crusading zeal, the dominance of Christianity as the 'religion of government'.

The Church and Modernisation as Westernisation

The 'Christianisation' of the local colonial state was greatly assisted very early in British rule by severing the connection between Buddhism and the State, thereby fracturing the traditional patronage accorded to Buddhists and enshrined in the terms and conditions of the Kandyan Convention, 1815, which marked the final annexation of Sri Lanka by the British (K.M. de Silva 1977). The reformist zeal and 'civilizing mission' of Christianity was also evident in social policy enactments such as the action taken to mark the end of polyandrous marriage by the Kandyan Marriage Ordinance of 1859, the abolition of slavery and the non-recognition of caste in all areas of public policy (K.M. de Silva 1965).

In general, during this early period of British colonial administration, although Christian missionaries were seen as the 'auxiliaries of government for tackling social problems' (K.M. de Silva 1965: 140), they were rarely interested in social reform for its own sake. However, it was also the case that, in comparison with India, there was less scope for social reform in Sri Lanka. This was mainly because there were no glaring social abuses such as *sati*, *thugee*, untouchability, infanticide and ritual ceremonies in Sri Lanka (K.M. de Silva 1965). Unlike the Indian context, it was much easier in Sri Lanka to deny the harmful social effects of the caste system and afford it any formal institutional recognition.

As far as caste was concerned, Sri Lanka represented 'a unique variation of the Indian system' (Kulasekera 1988: 131). Not only was caste contrary to the principles of doctrinal Buddhism, but there was also a marked difference in social attitudes and the cultural ethos prevailing in India and Sri Lanka (Fernando 1979; Malalgoda 1976). This was largely because caste as a social phenomenon was much less rigid and not formally entrenched in social institutions. The absence of a Brahmin caste as in India also meant that the Sinhalese caste system 'never knew the structuralising power of the Brahmin' (Ryan 1953). In Sri Lanka, 'among the Sinhalese, caste was a social category ... a secular function' (Malalgoda 1976: 46). But, admittedly, caste was certainly a far more potent factor among the Tamil communities and was closer to the Indian system (Banks 1969). The difference between the Sinhalese and Tamils was apparent in the absence of caste-related distinctions except in the informal social interactions of the Sinhalese, for example, choice of marriage partners (Kannangara 1988; Russell 1982).

The unofficial status accorded to Christian missionary societies as the representatives of the 'government religion' and the exclusive appointment of Christians to important government offices helped to drive many inhabitants, especially among the Sinhalese nobility, to profess Christianity as converts (Malalgoda 1976). Following the disestablishment of Buddhism in 1839, James D'Alwis, a convert to Christianity, in 1861 went so far as to predict the disappearance of Buddhism. Christianity gained a firm foothold among the upper echelons of the Sinhalese and Tamils, largely because of education. Education was a powerful factor in the 'Christianisation' of the colony during the British period of colonial rule. In fact, over the extended period of colonial occupation (from 1505) and exposure to religious conversion under the Portuguese and Dutch rule, Ceylon stands out as being 'more christianized than most other traditional societies ... [in South Asia] ... and having the largest Christian community in percentage terms in South Asia' (Russell 1982). The protest against this 'Christianisation' and neglect of the indigenous culture, a central focus of the nationalist movements of the early 20th century (Bond 1992; Houtart 1974) was to gain in momentum in the post-colonial era.

Considering issues of governance overall, there is no doubt that public policy in the early phase of colonial rule was guided by two main factors: the need for stable, efficient and orderly government and the effective use of public expenditure in the management of the colonial economy. Social policy remained secondary to these prior and demanding concerns of the local colonial administrators. While systematic and disciplined

administration has been a hallmark of British colonial rule, colonial administrators also endeavoured, where possible, to promote social welfare measures likely to strengthen British rule by gaining the compliance and goodwill of local inhabitants. The 'benevolent paternalism' of colonial rule involved, among other things, promoting social policies having a bearing on enhancing the well-being of the local inhabitants (Kulasekera 1988). In this regard, the objectives of the Colonial Office were partly pragmatic and partly humanitarian (Jones 2002).

Interestingly, the specifics of colonial social policies appeared to reflect the policy ethos in Britain at this time on matters relating to social welfare. It is particularly significant that the beginnings of collectivism and state intervention in matters of welfare that occurred around 1870–95 underscored the 'vague egalitarianism', of British social thinking apparent in three distinct areas of colonial social policy, particularly, *education, health* and *labour welfare.* These policy domains continued to prevail more generally as key elements of British colonial policy in the 20th century (Mair 1944). These social policy initiatives which were generally regarded as conducive to the well-being of local inhabitants were, however, not seen as being contrary to the economic interests of the rulers. Rather, they were the visible manifestations of the 'civilising mission' of British colonial policy, one which was to be achieved with the aid of Christian missionaries. This close link between education and religion in colonial social policy development was clearly evident during the early colonial rule in Sri Lanka in that the social changes foreshadowed by the far-reaching Colebrooke–Cameron reforms were heavily influenced by the impact of Evangelicalism and Christian missionaries on Sri Lankan society.

Early Influences on Social Development

Education—The Lynchpin

For most of the 19th century, education was not of direct interest to the colonial administrators who were content to leave this aspect of social policy to the Christian missionary societies. Thus, one major consequence of Christian Evangelicalism during British colonial rule was that 'education figured predominantly as a means of diffusing Christianity' (Malalgoda 1976: 193). As a rule, the colonial administrators preferred to promote English education as a basis for staffing the lower ranks of the administration by assisting missionary societies to provide for English

education in secondary schools through state-assisted missionary schools. It was, however, only towards the latter part of the 19th century that education became a significant area of direct state involvement. These policy initiatives were clearly influenced by the educational reforms of 1870 in England (Evans 1978).

The focus on education as an aspect of colonial policy became evident only when there was a concerted attempt to develop education as a state responsibility with the establishment of the Department of Public Instruction in 1869. Even then, direct state involvement was mainly confined to elementary or primary education where the medium of instruction was in the vernacular, the mother tongue of the two main ethnic groups (that is, Sinhalese or Tamil). The Christian churches too were actively engaged in vernacular education and, according to Houtart (1974: 275), this enabled Christian education 'to be an instrument of proselytism', in addition to serving the Christian population.

But more importantly, English education was confined to secondary schools, most of which were state-aided denominational schools, predominantly missionary schools. There was one influential public school, the Colombo Academy, founded in 1835, which later became Royal College in 1881, evolved on the model of the English Public Schools which were also being promoted in India (de Souza 1974), particularly in the well-known Doon School.[4] Royal College, as the leading government school, became 'the first educational institute to inaugurate some form of modern education [by preparing students] ... for London University external degrees' (R. Pieris 1964: 437).

Educational progress, though slow at first, gained momentum only after education became obligatory in 1911 though not enforced, and the school leaving age was raised in 1917 to 14 years.[5] This coincided with the constitutional changes in the early part of the 20th century (Jayaweera 1973) which gave representation to the Ceylonese in the Legislative Council. One of the early acts of the newly established colonial legislature was to ensure provision of educational facilities for all children between ages 5 and 14 years, which led to a marked increase in the number of government schools between 1920 and 1930. The overall impact of these educational policies may be gauged from the fact that 'school enrolments in the two decades after 1880 more than tripled [and] doubled over the next two decades' (Fernando and Kearney 1979: 21). As a result, the literacy rate for males increased from 24.5 per cent in 1861 to 40.4 per cent in 1911. This rate was much less for females; the shift here was from 2.5 to 10.9 per cent.

The distinction between English and vernacular education continued for a long time as the government concentrated on 'promoting mass vernacular education ... in vernacular schools [which] levied no fees' (K.M. de Silva 1981: 413). In this two-tired educational system introduced in the latter part of the early colonial state, vernacular education remained the poor relation of English education, restricted to the favoured few on grounds of race, religion, caste and social status. Vernacular education, confined to elementary education in government schools was, however, available to a large section of the community living in the urban and rural sectors but without any ownership of landed property (R. Pieris 1964).

The English educated consisted of two groups: the non-Ceylonese settlers (mostly Europeans) and the Ceylonese (local inhabitants) who were drawn mainly from the landed gentry and the upper echelons of the middle class. As a distinct social group, they had privileged access to receiving a secondary education in state-assisted denominational schools or in the leading government school—Royal College. English education in these secondary schools formed the training ground for the highly westernised Ceylonese liberal intelligentsia who were destined to man the professions, business and the administrative services (R. Pieris 1964).

The English educated, largely 'an extension of Victorian England' (Jayawardena 1972: 172), were not just the exponents of the metropolitan culture but also the products or beneficiaries of the colonial market economy based on the plantations. This was the breeding ground for the new local capitalist class of entrepreneurs of the new colonial bourgeoisie (Jayawardena 2000), a westernised middle class of professionals and civil servants. The Sri Lankan capitalist class was not just a product of the mercantile political economy but mainly responsible for shaping the dominant plantation economy (K. Jayasuriya 2001). In sharp contrast, the vernacular educated—mostly dependent on the village peasant economy—remained enmeshed in the traditional culture, the historical culture and civilisation of the Sinhalese and Tamils.

This social and cultural differentiation between the English and vernacular educated, a distinctive feature of much of the late 19th and 20th century, created 'a class system ... superimposed on the caste system' (Jennings 1951: 9). One of the major consequences of this policy strategy for education was that the resulting educational inequalities created a 'dual society', mirroring the dual economy.[6] The dual society, reminiscent of Disraeli's 'two nations', was differentiated primarily, though not exclusively, on the basis of education: the differentiation was between those who had access to English as against those with a vernacular education (that is, Sinhalese or Tamil).

The dual society (contrasting the metropolitan and the provincial culture) that resulted from the use of education as an instrument of social policy in the late 19th century helped to consolidate the political hegemony of colonial rule for several decades. This was achieved primarily by creating a 'small *élite* who would be the purveyors of western culture' ... [and catalysts for] 'the development of institutions patterned largely on the model of those in England' (Jayaweera 1973: 461). They consisted of many fractions cutting across race, creed and caste differences—the Europeans, burghers, business entrepreneurs, landowners, plantation executives, anglicised Buddhists and the local bureaucracy (Jayawardena 2000). However, this differentiation between the English educated élite and the indigenous educated was to have a lasting effect on nearly all aspects of political and social development well into the 20th century, and constitutive of the post-colonial society.

The highly influential group of educated élite was drawn mostly from the propertied class. This class fraction was, by and large, politically and socially conservative (Singer 1964)[7] and were responsible for generating an elitist bias in the educational system. Throughout much of the 20th century, the English educated intelligentsia which constituted the middle class was by no means a homogeneous group. But, out of this social differentiation, there emerged a comprador élite—a westernised élite—having strong links with the metropolitan centre of Britain and imbued with the social and political values of Victorian England—those of political liberalism framed in laissez faire thinking and utilitarianism (Jennings 1954).

Jayawardena (1972) identifies three subgroups within westernised élite: *conservatives*, *moderates* and *radicals*. The conservatives, drawn mainly from the landed gentry and local entrepreneurs, tended to be the allies of the European colonial élite. The conservative element among the western educated élite was not only alienated from the culture of the majority of the people of the country but showed contempt for indigenous culture (Gooneratne 1992; Hensman 1962). The two other subgroups—moderates and radicals—constituted the more national minded Ceylonese middle class who formed the core of the nationalist movements, cultural and political.

The conservatives among this group were 'responsible for the resistance offered by the education system to any major social change' (Jayaweera 1973: 462), such as the introduction of the national languages as a medium of instruction in the schools, or free education; the others—the moderates and radicals—were to varying degrees interested in bridging the cultural divide between the westernised and indigenous élite (Ames 1973; Gooneratne 1992). For instance, the 'moderate', educated élite who

became the pioneers of 'cultural nationalism' were seeking 'to be modern without becoming completely westernized' (Bond 1992: 22). On the whole, the westernised élite were most vocal in defending their privileged interests and this was markedly evident in their persistent demand for increased Ceylonisation of, and easier access into, the local colonial bureaucracy. This, among other considerations, meant promoting the case for the establishment of a local university to assist Ceylonese to gain entry into the upper echelons of the bureaucracy, which were mainly confined to British colonial civil servants (R. Pieris 1964).

The 'University Movement', as it came to be known in the early 20th century, was spearheaded by nationalist organisations and other groups such as the Ceylon Social Reform League, founded in 1905. The Social Reform League, acting largely as a middle-class protest against the colonial establishment, was used by moderates and radical sections of the westernised middle class to promote political and social reforms. One area in which they were successful was in their demands for university education (R. Pieris 1964). In responding to these demands for increased Ceylonisation, the colonial administration recognised the lack of educated personnel in 1918 and the need for a local university.[8]

As a first response, the University College was established in 1921, 'as a halfway house to a national university [and] provided the not-so-very affluent with higher education at a reasonable cost' (K.M. de Silva 1995: 9). The University College affiliated to the University of London later became the University of Ceylon in 1942 (Jennings 1951; R. Pieris 1964). The graduates from the University over the next few decades contributed to consolidating a westernised local Mandarin class—the Brown Sahibs—an educated professional class, especially in the prestigious professions of law and medicine, and the administrative services. In short, the leadership of the political élite came mainly from this anglicised, university educated group who were to spearhead the move to independence and self-rule.

Health and Labour Welfare

During the period of colonial administration in the 20th century (the late colonial state), the other two key areas of social policy, namely, health and labour welfare, were closely linked. Health services were dominated by two main considerations: *(i)* the need to provide for the health care of the colonial élite (that is, the European settlers and the Ceylonese English educated middle class), living in Colombo, the capital city, and other urban centres and *(ii)* to cater for the welfare of Indian immigrant

indentured labour in the plantation sector. While medical facilities, for example, hospitals and allied services located in the capital, Colombo, and other urban centres were given priority to cater to the needs of the European population and the educated Ceylonese middle class, there was less interest in providing for the rural areas (Jones 2004; Uragoda 1987). The health care needs of the rural sector had to rely mostly on the indigenous health system (Ayurveda) which had minimal government sponsorship (R. Pieris 1999).

Until the 'civil medical establishment' of 1858, the first western-trained doctors on the island were military personnel (Uragoda 1987). However, this changed with the inauguration of the Ceylon Medical College in 1870, whose degree, the Licentiate in Medicine and Surgery (LMS) was recognised by the General Medical Council of the UK in 1888. This marked the beginnings of professional medical education which led in 1921 to the establishment of a Medical Faculty at the University College (Malalasekera 1969; Uragoda 1987). The establishment of the Ceylon Medical College and beginning of medical training was a notable event of British colonial social policy because it was the first colonial medical training institution in the history of British colonial administration (Mair 1944). The degrees awarded by the Ceylon Medical College, which were later authorised by the Ceylon Medical Council set up in 1924, have had a long and distinguished record of recognition and approval by the General Medical Council in Britain. In the early days, Ceylonese from the Burgher and Tamil communities were disproportionately represented in the Medical College and reflected their privileged status in access to English education.

From the late 19th century to the first decades of the 20th century, the main hospitals were located in the capital, Colombo, and the provincial capital cities such as Kandy, Galle and Jaffna. Training schools for nurses were also started in 1878[9] and located in two leading hospitals—Lady Havelock in Colombo and the Kandy Hospital. These training facilities, it is reported, were far from adequate at the turn of the 20th century. According to the Perry Report (Government of Ceylon 1905), in the early days, the nursing staff in these institutions was also drawn mostly from the Christian Church and many nuns worked as matrons and nursing sisters (Gunatilleke 1985; Uragoda 1987). The elements of the medical infrastructure needed for these curative services (for example, the Bacteriological Institute, established in 1899) were also located in Colombo. However, efforts were made to increase the number of government hospitals in the country and, as a result, the total number of hospitals doubled in the decade 1891–1901.

Privileged access to western medicine represents another manifestation of the dual society and the structural inequalities inherent in colonial social policy. This allopathic medicine was the preserve of the English educated while the system of traditional indigenous medicine (*Ayurveda*) was confined predominantly to the vernacular educated class (I. Pieris 1999). There were, in fact, underlying tensions and conflict between the two systems and the government intervened in 1920 to introduce some control and regulation. The medical profession, patronised by the growing English educated middle class and, to a lesser extent, other para professionals attached to government hospitals in the capital, Colombo, and other urban centres, enjoyed high status and became symbols of western education, privilege and elitism.

Interest in public health or preventive aspects of health care was confined to the prevention of epidemics and infectious diseases, such as cholera and smallpox. In the 1880s, cholera was a major health problem and was controlled by the legal enforcement of quarantine measures (I. Pieris 1999). More attention was paid in the early part of the 20th century to matters of public health and the control of communicable diseases (for example, prevention of diarrhoeal diseases, typhoid, hookworm and tuberculosis) as a means of reducing high mortality rates (Meegama 1986).

Public health and preventive health services such as improved sanitation, sewerage disposal, ante natal clinics and immunisation programmes were coordinated in one department in 1920 as the Department of Medical and Sanitary Services. This marked the beginning of a well-developed state system of primary care and hospital care (Jones 2009). The emphasis on preventive health care at the time was exceptional. A Special Health Unit, the first of its kind, to deal with matters relating to public health, such as sanitation, maternity and child welfare and school health, was established in 1926 (Jones 2002). This unit which was also responsible for the training of Public Health Inspectors and the staff needed for infant and maternal clinics encouraged a strong emphasis on preventive health care, which 'turned out to be a critical factor in producing the well known health outcomes of Sri Lanka' (World Bank 1998: 11).

One of the main achievements during this period was the completion of a system of drainage and sewerage disposal in Colombo and other major urban centres.[10] Another notable feature was the regulation of sanitary conditions and health services in the estates of the large plantations by requiring owners to provide for these basic health care needs. These achievements in the health sector were widely acclaimed and recognised by the British Colonial Office which took great pride in the Sri Lankan

hospital system for being regarded as a model of efficiency. According to a British Parliamentary Report (Parliamentary Papers 1928), it was stated that 'Ceylon possesses probably the most extensive hospital system of any British possession' (quoted in Mills 1933).

Given that one of the main objectives of colonial rule was to extract the maximum benefit from the economy of the country, the expansion of the plantation economy was a prime consideration of this early period. Not surprisingly, social policy initiatives of this early phase of colonialism such as health care were linked with labour welfare, especially in providing for the health care needs of Indian labour. Accordingly, a dominant feature of welfare policy at this time was on 'the provision of medical facilities [and] on the best estates immigrant Indian labourers and their families received free medical treatment and hospitalization ... [but] ... these facilities were of a very elementary nature' (L. Wickramaratne 1973: 476). Although the statutory responsibility for providing these medical facilities was placed mainly on the owners (Medical Ordinance 1880) and financed by the Ceylon Planters Association, comprised mainly of European colonial settlers, the government also bore some of the cost of estate hospitals.

One of the distinctive features of social policy development in the late 19th century therefore relates to the measures taken to protect the expanding export economy in the plantation sector. These were geared mainly to provide for the needs of indentured labour from India, employment of which was on a contract basis in the plantation sector and seen as being critical to the economic well-being of the country. In fact, the political economy of the country right up to independence continued to be heavily influenced by the fate of this export economy which, following the coffee blight of the 1890s, was confined to three major commodities—tea, rubber and coconut (Snodgrass 1966).

The push towards regulating working conditions of immigrant Indian labour came from the Colonial Office as well as the India Office of the Government of India (R. Pieris 1976; Tinker 1974). The colonial government, by encouraging labour migration, considered it a matter of duty to protect its citizens' conditions of passage and conditions of work in ports of destination. Though the welfare of immigrant labour, such as provision of schools, hospitals, crèches, and so on, was seen as a matter of state responsibility, the discharge of these was the function of the employers. Interestingly, 'the missionary societies ... were indifferent to the plight of Indian immigrant labour and reflects the fact that missionary societies in Ceylon ... were rarely interested in social reform for its own sake' (K.M. de Silva 1965: 288).

These labour welfare policies were, however, regulated by the state, and the government of Ceylon introduced several pieces of social legislation (R. Pieris 1976; L. Wickramaratne 1973) relating to recruitment and welfare and indentured Indian Labour on the estates (for example, Medical Wants Ordinance No. 9 of 1912 and Minimum Wage Ordinance of 1927). As Gunasekera (1993) observes, there were occasions where 'the government had to put pressure on [employers] to conform to Labour codes and other provisions' (p. 22). The early labour welfare legislation was intended to facilitate the continued recruitment of immigrant Indian labour which was of vital interest to the British owners of the plantations.

The concern shown in this matter by the Legislative Council reflects 'the gulf between the Ceylonese in the Legislative Council and the mass of people they had presumed to represent' (L.A. Wickramaratne 1977: 476). The interests of Ceylonese members in the Legislative Council were, in fact, no different from those of the non-Ceylonese members (mostly British) because the Ceylonese members too had a personal vested interest in the development of the export economy. In this respect, the political economy of the country was an influential factor in determining the nature and direction of colonial social policies. While the management and regulation of labour on the plantations was in the interests of capital, the beneficiaries of these welfare measures were exclusively the indentured Indian labour.

Clearly, the economic interests of a plantation economy based on indentured labour shaped and influenced the expansion of social policy primarily as an instrument for the social reproduction of this labour. Consequently, the interests of the indigenous working class were not specially catered for by the state until the passage of the Workmen's Compensation Ordinance of 1933 (Orde-Browne 1943). The latter legislation was in many ways a direct outcome of the newly emerging working class movement, largely confined to the urban working classes in the capital, Colombo (Jayawardena 1972). There is, however, no doubt that the special treatment afforded to indentured Indian labour for work on the plantations was largely instrumental in securing government intervention in industrial relations (Kearney 1971).

Furthermore, the beginnings of trade unionism in Ceylon were greatly assisted by the British Trade Union Congress which sent a Labour MP (A.A. Purcell) in 1920 to help the nascent Ceylon Labour Union established in 1922 to agitate for such labour legislation as an Employers' liability for payment of minimum wages and workers' compensation (Jayawardena 1972).[11] The 1920s and 1930s were a period of considerable unrest among

the urban working class demanding ameliorisation of working conditions. It is worth noting that anti-Trade Union legislation passed by the Legislative Council was rejected by the Secretary of State for Colonies in 1929, who happened to be Lord Passfield in the Labour Government of 1929–31 (R. Pieris 1976). Lord Passfield was none other than the well-known Fabian Socialist leader, Sidney Webb.

The first major victory for organised labour came only with the enactment of the Trade Union Ordinance No. 4 of 1935, which 'for the first time gave legal sanction to workers' right of association and right to bargain collectively' (Kearney 1971: 19). This legislation provided for the registration of trade unions and also sought to protect them from actions of tort. The growth of local trade unionism among the urban working class and the emergence of the labour movement may well have been an unintended outcome of colonial policy relating to immigrant labour welfare. These policy decisions were fraught with considerable significance for subsequent political developments even after independence in 1948. But it was not until the early 1930s that organised labour through its association with Left parties began to make any direct impact on social and economic policy development (Jayawardena 1972; Kearney 1971).

Conclusion

The policy initiatives introduced during the formative phase of British colonial rule, the period of the early colonial state, had an important bearing in creating a favourable political and social climate for sustained social development eventually leading to the establishment of a welfare state. The main thrust of development policy during the period of the early colonial state was primarily concerned with the process of modernisation focused on developing a well-structured vibrant colonial export economy. This policy agenda was underpinned by a solid institutional framework capable of sustaining enhanced economic and social development. This export economy after the failure of coffee in about 1886 was built around three main commodities—tea, rubber and coconut—and driven by a commercial entrepreneurial class, metropolitan and provincial. While this created a dual economy—a plantation economy alongside a subsistence peasant economy—it also resulted in a dual society denoting a marked social and cultural differentiation between an urban-centred English educated middle class tied to the metropolitan culture and the more rural vernacular educated adhering to the provincial local culture.

Social policy development associated with education, health and labour welfare during the early days of colonial rule was firmly anchored to policy reforms intimately associated with 'capacity building' at the local level, and considered central to catering for the needs of a nascent growing export economy. As a consequence, access to education became the main vehicle which ensured capacity building as it was conducive to giving leverage to social privilege and social mobility. This, in turn, was instrumental in creating a westernised local bourgeoisie, a comprador class, nurtured in the metropolitan culture. As it turned out, this middle class was not just the guardian of modernisation but also the champion of democratisation and the architect of national sovereignty and independence from colonial rule.

These social forces stemming from this early phase of social development were instrumental in agitating for a greater role for the local bourgeoisie in policy making and administration. Eventually, this push for political reforms did have the desired effect in influencing the colonial rulers to introduce significant political change in the form of constitutional reforms leading to more democratic forms of governance. Although questions of governance and economic development took precedence over social development, there is no doubt that these developments laid the foundations for the future welfare state, which was to be the hallmark of Sri Lanka's social development experience.

Notes

1. See Chapter 6 for characterisation of the late colonial state.
2. See Russell (1982). Sri Lanka experienced no less than six different constitutions prior to the Donoughmore Constitution in 1931. Since independence in 1948, it has had three constitutions. See also Fernando (1999) and Edirisinha and Selvakumaran (1999) on constitutionalism in Sri Lanka.
3. It was through utilitarianism in Britain promoting purposive social institutions, for example, anti-slavery, factory legislation and improving public health, that the greatest good of the greatest number would be provided.
4. The Doon School was an important site for the construction of the notion of the modern Indian citizen. This was considered a public space for the differentiation between two kinds of intelligentsia, on the grounds of language and culture (see Srivastava 1998). This bears comparison with colonial education in Sri Lanka, especially in the late colonial state.
5. One is reminded here of the fact that in Britain, the school leaving age was raised to 14 years in 1918 by the Fisher Education Act (Sleeman 1973).

6. See Bandarage (1983) for an exposition and critique of the dual economy/dual society thesis in the theorising of the modernisation school as applied to Sri Lanka.
7. See Ondaatje (1984) for a vivid description of the life style of the anglicised élite who adopted Western fashions of dress and other aspects of Western social life. See also Ames (1973).
8. See the *Report on the Employment of Ceylonese in the Public Service*, 1918.
9. In England, the first training school was established in 1860. Thus, it took 'only 18 years for Sri Lanka to follow suit' (Uragoda 1987: 144).
10. The first Health Unit in Sri Lanka, for that matter in Asia, was established in 1926 and unlike in other colonies, these 'health units undertook the usual duties of a public health department in a tropical country' (Uragoda 1987: 163).
11. The leader of the Ceylon Labour Union, A.E. Goonesinghe, was 'a close protégé of the British Labour Party' (K.M. de Silva 1981: 424) and was also a close associate of Dr Drummond Shiels, a Labour Party MP who was to be a member of the Donoughmore Commission of 1929 (Jayawardena 1972).

6

Welfarism and Democratisation in the Late Colonial State (1931–48)

It is noteworthy that it was after the grant of universal suffrage in 1931 that the demand by the people for economic, social and cultural rights gathered momentum.

—J.L. Cooray (1969: 32)

Introduction

The social and political transformation of Sri Lanka, which occurred during the period of British colonial rule in the 19th and early part of the 20th century, was, as noted previously, directly related to the modernisation of the Sri Lankan economy. The modernisation process entailed generating local human capital needed to sustain the new institutional framework linked to the colonial export economy. This infrastructure of human capital was provided by significant social policy reforms, mainly in the field of education. The net result of these social and economic policies was the creation of a local capitalist class destined to institute and administer the needed public administration reforms.

The local bourgeoisie—a new middle class—comprised mainly of an urban-centred Western educated élite, acted as the middleman between the metropolitan culture of the colonial rulers and the provincial local leaders and intelligentsia. This comprador class, imbued with the humane liberal political ideals of the colonial ruling class, was soon to become prominent in seeking a greater share in government. Ironically, the colonial rulers were 'hoist with their own petard' when the Western educated élite,

regardless of creed, race, ethnicity or gender, 'used British liberal arguments to undermine British imperial institutions [and] strive for political reform and eventual independence' (Wriggins 1980: 3).

These pressures towards Ceylonisation, heralding the beginning of a nationalist movement, constituted a significant factor in the agitation for constitutional reforms by the local élite wanting a greater role in matters of governance. These moves gained credence during the early colonial state with the adoption for the first time in 1912 of the elective principle in determining the composition of the Legislative Council, which was the body responsible for all matters of colonial governance. Thus, for the first time, this body included a few elected representatives drawn from the local élite. The high point of these political developments, however, came with the far-reaching constitutional changes introduced in 1931, following the recommendations of the Donoughmore Commission of 1927–29. The implementation in 1931 of the constitutional reforms recommended by the Donoughmore Commission affirms a key tenet of British colonial policy, namely, 'indirect rule' based on partnership with the local élite (K.M. de Silva1981; Wriggins 1980).

Perhaps, the most notable feature of the 1931 Constitution was the adoption of universal franchise under a secret ballot. This was widely acknowledged as a 'precedent without example' (Russell 1982: xviii) in a non-European nation. This unique form of partial self-government, marking the early stages of democratisation, laid the foundations for a liberal democratic political system based on Westminster-style political institutions. These constitutional developments underline the 'constitutionalism' of the Sri Lankan polity which boasted more than six constitutions in the 20th century (Fernando 1999; L. Jayasuriya 2005). This undoubtedly stands out as one of the distinctive and outstanding features of the modernisation process in Sri Lanka. Above all, this signifies that Sri Lanka was not just the model colony of the Empire but also a constitutional pioneer (Wright 1950) in that 'of all the democratic nations in the world only the French have shown a greater preoccupation with constitutional reform' (Russell 1982: xvii).

The system of electoral democracy initiated in 1931 by the Donoughmore Reforms helps to differentiate the *late* from the *early* colonial state. This serves to focus attention on the critical significance of the late colonial state (1931–77) in fashioning Sri Lankan social development and eventually the emergence of the welfare state. Sri Lanka's social development experience in the latter half of the 20th century leading to the establishment of a welfare state has to be understood as being contingent upon

the political developments that occurred during the *late colonial state* (1931–77). This phase of the late colonial state is comprised of two distinct sub-periods—pre- and post-independence—each characterised by notable political and social developments.

The pre-independence period (1931–48) is characterised by a system of semi-autonomous government notable for instituting an unusual parliamentary device of government by having an executive committee system, designed to enhance more directly the participation of the elected representatives in matters of government. This form of government has been aptly characterised as a period of power without control. This was because financial responsibility for matters of government was vested not in the elected representatives but in the nominated representatives of the colonial government, the colonial officials. One unfortunate consequence of this sort of constitutional structure was that the elected legislators were prone to enact much legislation such as progressive social measures without giving due consideration for their implementation.

An underlying theme of the discussion here is that the beginnings of Sri Lanka's unique brand of social development are to be found in the landmark social reforms of the late colonial state, and, in particular, the contradictions and tensions inherent in the historical continuities and discontinuities of the British colonial legacy. In contextualising the evolution of social policy and the welfare state, we conclude by speculating on some of the major factors that may have been responsible for the emergence of the Sri Lankan welfare state—the *how*, *why* and *wherefore* of social policy.

Prelude to Welfarism

The first three decades of the 20th century leading to the radical constitutional and political reforms of 1931—the Donoughmore Commission Reforms—were noted for their agitation for a greater degree of self-rule, the Ceylonisation of the administration, the politicisation of the urban working class and the growth of a strong nationalist movement (Jupp 1978; Kearney 1973). Economic and social conditions arising mostly from World War I had a significant influence in the period 1900–30 and were exacerbated by the Depression of the late 1920s. The ordinary inhabitants of the country, more so than immigrant labour in the plantations, were

adversely affected by a stagnant and declining economy, high levels of inflation and food shortages.

It was against this background that there was considerable social unrest, especially among the urban working class who were organised into trade unions and vigorous in their demands for better working conditions. There was also growing dissatisfaction among the Ceylonese legislators who were more interested in seeking state intervention to protect their economic vested interest than in social amelioration. The Ceylon National Congress of 1919 largely followed the pattern of Indian nationalism, and 'spearheaded ... the movement ... for responsible self-government' (Farmer 1965: 431). As a lobby group, this body was representative of the Ceylonese middle class and remained at the forefront in pressing for increased representation of their interests.

In the political struggle against British colonial rule during the 20th century, the reform movement drew its strength from three main sources: *(i)* the westernised middle class, represented by bodies such as the Ceylon National Congress, marking the beginnings of political nationalism; *(ii)* the cultural nationalist movements, especially of Sinhalese Buddhist nationalists, the so-called 'Protestant Buddhists'[1] and *(iii)* the radical wing of politically minded nationalists of the Left.

The leadership of these nationalist movements—political as well as cultural—came from the English educated middle class, products of the secondary school system. The emergence of a cultural nationalist movement was a direct consequence of the dual society. Hence, Sinhalese/Buddhist nationalism and Tamil nationalism (Cheran 1992; Uyangoda 1999), in separate movements, came into being partly as a reaction against the colonial establishment, but more importantly as a protest against the power and influence of the educated élite who were highly anglicised and alienated from the indigenous cultures. Thus, the Sinhalese Buddhist nationalist movement, which came into prominence mainly in the early 20th century, began largely as a campaign directed against the dominance of Christianity as the 'religion of government' (Farmer 1965; Roberts 1979a).

Paradoxically, the leadership of this group was in the hands of those who were westernised in terms of language and cultural values (Smith 1966).[2] A classic example of this may be found in the Buddhist nationalist writings of Vijayavardhana (1953) who, despite his highly anti-Western attitude, was deeply immersed in liberal political ideas. Thus, quoting J.S. Mills' *Liberty*, he eloquently argues in favour of laissez faire economics on the grounds that:

> [T]he best expression ever given to the reasoned idea of individual freedom, enjoyed in association with one's fellows, ... a man may do anything that he wishes to if he does not injure his fellow men. The state has no right to interfere with him, not even for his own good, as long as he is not injuring other people. (Vijayavardhana 1953: 484)

More important than the pursuit of economic ideals for these English educated Buddhist nationalists was the propagation of a Buddhist education in Buddhist schools to compete with the main Christian secondary schools and to challenge the power and influence of the English educated political élite. Another theme, expressed strongly by one of its leaders (Anagarika Dharmapala), was that monks should engage in social service activities to improve the economic and social conditions of the people, especially the impoverished peasantry (Seneviratne 2001).

In the case of the political nationalism of the Left, its leaders were drawn from the radicalised fraction of the English educated middle class who were prominent in the nascent, largely urban-based trade union movement (Jupp 1978; Kearney 1973). The working class was in the main made up of a 'pre-industrial group of town workers (in small-scale enterprise) who, like the urban poor of other countries, were particularly sensitive to unemployment and rise in food prices' (Jayawardena, quoted in R. Pieris 1976: 227). It is worth noting that some leading figures of this radical group sought their inspiration from the British Labour Movement and Fabian socialist thinking in England in the early decades of the 20th century. Others were more directly influenced by doctrinaire Marxist, revolutionary doctrines, especially of the Fourth Internationale and Leon Trotsky (Jupp 1978; Lerski 1968).

The loose alliance of influential sections of the political and cultural nationalist movements has had a chequered history in the form of coalition politics throughout the 20th century. What is perhaps important is that as interest or pressure groups, they were united in their demand for self-rule and the need for a strong focus on social welfare in redressing social inequalities, such as those arising from a lack of educational opportunities. Underpinning this 'élite accommodation' in the political struggle for independence from colonial rule was a vibrant civil society, another legacy of late British colonial policy.

The impact of civil society is revealed in the increasing assertiveness of trade unions and a range of other social movements such as the social service movement (Jayawardena 1972). The latter, spearheaded by the Social Service League established in 1915, pursued the reform of labour laws in addition to other measures of social legislation such as regulation

of child labour. As this colonial civil society grew, it became an arena for increased political contestation to which the colonial state responded through a mix of accommodative and managerial strategies. An important element of this accommodative strategy was the expansion of social and labour welfare programmes which later in the period of partial self-rule took the form of 'welfarism'.

The Sri Lankan nationalist movement along with other political forces, which focussed on constitutional reform, formed the core of the 'the dynamic civil society of the early 20th century', dominated by 'men of property and the professional classes' (Wilson 1959: 84–85). It was this political élite, as previously noted, who led the agitation for constitutional reform and succeeded in persuading the Colonial Office to appoint a Reform Commission in the late 1920s. It is perhaps worth noting in passing that this Reform Commission (the Donoughmore Commission of 1927–29) was appointed by a Conservative Government 'in order to forestall the possible appointment of a Commission by a Labour Government after the election of 1929' (M. de Silva 1973: 490). Nevertheless, the implementation of the Reform proposals fell to the Ramsay-MacDonald Labour Government in Britain, 1929–31,[5] and became the responsibility of Lord Passfield who was the Secretary of State for the colonies. Passfield—better known as Sidney Webb—as previously noted, was one of the most influential of the socialist intellectuals from the 'heroic period of the British labour movement' (Russell 1982: xviii).

Not surprisingly, Passfield, who was more sympathetic to the political aspirations of the Sri Lankan people, played an important part in steering the implementation of the recommendations of the Reform Commission. It was also fortunate that one of the Labour members on the Donoughmore Commission of 1927–29 was none other than Dr Drummond Shiels, Lord Passfield's Under-Secretary at the Colonial Office until 1931. Shiels had been one of the most active and influential members of the Commission and the person widely believed to have been responsible for the landmark recommendation—the grant of universal suffrage in 1931. This is further evidence of the influence exerted by the British Labour Party on political developments in Ceylon through its contact with the Ceylon Labour Party, led by A.E. Goonesinghe who was greatly indebted to the political philosophy and idealism of the British Labour Party (Jayawardena 1972).

From the point of view of social policy development, the main concerns of the Commission were twofold: one was that the existing system of government was more interested in administration than legislation and the other that it had shown a greater interest in state intervention for

economic development than for social reform. The push for social reform, and not just political reform, came most forcefully from the Left working class leaders. The Commission, persuaded by this point of view:

> [F]ound that in many provinces poverty and ill health were the lot of many villages ... many sections of the people had not even decent housing or adequate facilities for primary education ... no poor law system for relieving destitution, no system of compensation for injured workmen, no up to date system of factory legislation and no control over hours and wages in sweated trades. (Mendis 1957: 118)

Confronted by these facts, 'the Commissioners took the view that the extension of the franchise was even more urgent than any grant of responsible government (Mendis 1957: 119). This would make the elected representatives of government more accountable and responsive to the needs of the people. Hitherto, this was not the case with the earlier constitutions because the governments were more of 'an oligarchy or plutocracy, not a democracy' (Jeffries 1962: 33). Thus, one of the main, and most revolutionary, recommendations of the Donoughmore Commission was the grant of universal franchise for males over 21 and females over 30 years of age.

As a way of correcting the lack of interest in legislation in the previous colonial governments, the Commission went on to recommend a democratically elected legislature, the State Council, with responsibility to exercise legislative and executive powers. To this end, they established a Board of Ministers and an Executive Committee system of government, modelled on the London County Council. This form of partial self-rule has been aptly characterised as a period of power without financial control as the control of the purse remained with non-elected Officers of the Crown, all of whom were British civil servants. The semi-autonomous system of government (1931–48) under the Donoughmore Constitution of 1931 was really a halfway house between colonial office domination and complete self-rule.

As foreshadowed by the Donoughmore Commissioners,[4] the democratisation of the government as a result of universal franchise, and the structures of government established through the Executive Committee system (modelled on the form of governance of the London County Council) enabled the passage of much social legislation. This, however, was without any acknowledgement of how this package of social legislation was to be implemented in terms of social welfare programmes and services. The elected legislators were enthusiastic in passing social legislation and

recommending various economic and social measures for which they had no financial responsibility. The lag between enactment of legislation and its implementation with programmes and services was a major shortcoming of much of this social legislation such as the enlightened child welfare legislation of this period.[5]

However, the extensive progressive social legislation, once placed on the statute book, acquired a momentum of its own and led to further electoral pressures for reform. This marked the beginnings of 'welfare politics' and the welfarism of this era, which dominated electoral politics until overtaken by the 'ethnic politics' of the 1980s (Dunham and Jayasuriya 2000; L. Jayasuriya 2000). The welfarism of the Donoughmore era (1931–48)—in addition to helping create the welfare state of the 1960s and 1970s—'was a lucid argument' (R. Pieris 1977) in favour of political independence.

Welfarism and Electoral Politics

Education and Health

The welfare politics of the Donoughmore period (1931–48) was mainly focussed on two broad areas of social policy: education and health and public welfare. The latter includes, for example, unemployment relief, food subsidy and also social infrastructure, mainly public utilities, for example, electricity and transport. Public welfare was, however, far less important than education and health as an issue of competitive politics. The link between social reform and education, inherited from the early period of colonial administration, gained a new perspective and momentum with the growth of the nationalist movement. Educational reform which loomed large in the welfare politics of this period was closely linked to nationalist and religious movements (Houtart 1974; J.E. Jayasuriya 1969; Ministry of Education 1969). This was reflected in the moves made in the newly democratically elected assembly (State Councils of 1931–48) to alleviate the educational inequalities of the earlier period by improving access to education and expanding state education facilities (J.E. Jayasuriya 1969).

These early educational reforms were directed mainly towards granting free education along with compulsory schooling and removing the dominant role of the Christian Church in state-assisted education. The latter were resisted by the Christian mission schools, especially the Roman

Catholic Church. Thus, Buddhist interest groups were strongly supportive of free education, whereas the Roman Catholic Church opposed these changes. The objections were mainly on the grounds that the proposed radical changes in education required an increased public expenditure which could be achieved only by a decrease in the allocation of grant-in-aid to Christian denominational schools (Houtart 1974; J.E. Jayasuriya 1969). To mitigate these objections, the state, in providing free and compulsory education, was prepared to include a compensatory measure and increased allocation of resources to all denominational schools. The net result, however, was that these educational reform measures led to an intensification of religious conflicts and a political polarisation. This partly reflects the tensions inherent in the dual society, the conflict between the dominant westernised and the marginalised non-English educated groups.

There were two other education policy reforms which were of considerable importance in this critical pre-independence period of partial self-rule. One was the development of a system of government secondary schools (Central Schools) in selected provincial urban centres—an innovation of significance because up to this time secondary schooling was mainly through mission schools. From a social policy perspective, this measure was also designed to enhance greater equality of educational opportunity by increasing educational access to those from the rural and semi-urban areas. Students from these areas had hitherto been denied access to educational facilities which were mainly confined to state-aided mission schools concentrated in a few key urban centres.

The other main reform—also on the grounds of a greater measure of equality—was with regard to the expansion of facilities for higher education, including the professions (de Silva and Peiris 1995). This was achieved primarily by granting independent university status through the establishment of the University of Ceylon in 1942 (L. Jayasuriya 1968a). The system of university education itself was based on the British higher education model, especially the Oxbridge model, and planned as a fully residential university located in Peradeniya. This highly sophisticated conservative elitist model of higher education was developed and nurtured by an eminent British scholar and constitutional expert, Sir Ivor Jennings, who became the first Vice-Chancellor of the University and, later, of the University of Cambridge. This élite model of university education was very much the brainchild of Sir Ivor Jennings and one which helped to further inculcate the liberal values of the Western intellectual tradition and political liberalism.[6] For Jennings, a university was not merely a seat of learning

but the site for transmitting Western cultural traditions and sustaining the dialogue between the liberal intelligentsia who were expected to be the guardians of this rich legacy long after the end of colonial rule.

This model of university education and cultural ethos was to come under severe strain and tension, especially during the conflict between the modernising élites and the 'traditionalists', the new élite (de Silva and Peiris 1995). The politicised university of the 1970s became the prime site for the wider social and political conflicts and tensions: the conflict between 'two cultures'—the westernised and indigenous educated classes (L. Jayasuriya 2007). The expansion of higher education—by changing the social composition of the governing élite class along with the decision taken in 1945 for free university tuition—rates perhaps as the most significant influence in the social transformation of Sri Lankan society in recent times. The social dynamics of the accompanying structural changes are critical for understanding the fate of late colonialism (1931–70) and the emergence of post-colonialism in the 1970s.

Turning to other areas of social policy, particularly, health care and public welfare, policy developments in these sectors were initially driven by the need to mitigate the disastrous social effects of the Great Depression of the 1930s, the severe drought of the mid-1930s and the malaria epidemics (Meegama 1967, 1986). Health policies,[7] in particular, gained in salience and there was a 'strong political commitment and prioritization to expand and improve public health facilities [with] about 2.5% of the Gross Domestic Product (GDP) being spent on health' (Sanderatne 2000: 102). With a view to developing a comprehensive health care system, 'central dispensaries were upgraded to rural hospitals' (World Bank 1998). This led to increased medical facilities (for example, several new rural hospitals) for the neglected rural areas and increased attention devoted to preventive medical facilities (for example, tuberculosis control, small pox vaccination, improved sanitation and sewerage). Para medical services, such as increased personnel to staff, infant and maternal health services, increased sixfold between 1935 and 1945 (Sanderatne 2000).

The control of malaria, probably the most serious health policy issue at the time, was not only important in accounting for a fall in morbidity rates[8] but overall it was a significant factor in improving the health status and social well-being of the population as a whole (R. Pieris 1999). Therefore, it is not surprising that the systematic programme of malaria eradication through DDT spraying and other programmes is ranked as one of the main social achievements of this period; and this programme has received high praise internationally from the WHO as an unparalleled achievement of mortality reduction in world demography (Gunatilleke

1985). These policies once in force could not be dismantled and acquired a life of their own and were expanded under the welfare state policies of the 1960s.

The considerable expansion of curative and preventive services also required facilities for increased training of para-medical personnel (for example, midwives, sanitary assistants and apothecaries) to serve in the remote areas. The expansion of these services, especially free health services, led to a substantial increase in health expenditures, with a doubling of health expenditure between 1930–31 and 1944–45. Several social indicators such as infant mortality which dropped from 170 per 1000 births in 1930 to 140 in 1945 and a similar fall in the crude death rate from 254 to 219 per 1000 bear witness to the effectiveness of the health care system and the increasing utilisation of these services by the rural population (Gunatilleke 1985; Perera 1985). There is no doubt that by 1948, 'the health care achievements during the ninety years since the establishment of a separate medical department in 1858 "were phenomenal"' (Uragoda 1987: 95).

Public Welfare

Public welfare measures undertaken in this period were primarily concerned with alleviating social distress, poverty and unemployment. The government measures to combat unemployment and poverty were mainly on two fronts—one strategy for the urban areas and another for the rural sector. In the urban areas, it was mainly one of providing temporary short-term relief by expanding work opportunities, for example, as casual labourers in public works (for example, roadwork and flood protection). However, for the first time in colonial rule, attention was given to the poor social and economic conditions of those in the neglected village peasant economy. The plight of this sector was largely seen as a facet of the 'wider theme of population pressure in the wet zone' (K.M. de Silva 1981: 465), and policies were designed to relocate these groups in other less populated areas. This resulted in the development of agricultural peasant colonisation schemes in sparsely populated and relatively neglected areas which had a potential for increased agricultural production (mainly rice and some subsidiaries). To this end, a great deal of public expenditure was devoted to deployment of population to these new areas of colonisation (Farmer 1957). Hereafter, peasant colonisation and the problems of the landless peasantry came to be regarded as an important element not just of economic development but of a rural welfare strategy (K. Jayasuriya 1981).

From the earliest times, one of the distinctive features of the total package of social welfare in Sri Lanka was the incorporation of rural welfare policies alongside other more urban-based social policy initiatives (L.A. Wickramaratne 1977). These policy initiatives, alongside those in fields of health care and public welfare, acquired special significance by the need to mitigate the disastrous social effects of widespread social catastrophes such as the Great Depression of the 1930s. It should be noted that the latter was compounded by the severe drought in the mid-1930s and the malaria epidemic. The specific response of successive governments in the Donoughmore era to these adverse social and economic circumstances is contained in a number of official reports such as the Newnham Report (Government of Ceylon 1936) and the Wedderburn Report (1934). These reports bear a remarkable similarity to reports in Britain such as the Royal Commission on Poor Law 1905–09 or the poverty studies of Booth, Rowntree and others (Bruce 1961; Gilbert 1970).

The Newnham and Wedderburn Reports, framed in the style of UK Commissions of Inquiry, represent the first systematic attempt in Sri Lanka to quantify the problems of poverty and unemployment and prescribe remedial measures. The Wedderburn Report, in particular, laid the groundwork for a system of state-sponsored welfare relief characteristic of the British Poor Law of the 1920s and was responsible for the introduction of the Poor Law Ordinance of 1939. This was meant to supplement, in extreme cases of adversity, the traditional forms of relief available from the extended family. In another important Government Report, the Corea Report (1937), the problems of unemployment were subject to further scrutiny and transitory measures recommended to deal with social distress created by the breakdown of family-based support systems (L. Wickramaratne 1973).

In the absence of a comprehensive system of social security, these policy responses to poverty and 'diswelfare' tended to regard social distress as an individual problem remediable by the allocation of social assistance.[9] This Poor Law orientation, by providing social assistance and relief for the needy and destitute, has characterised most of the public welfare and income maintenance programmes undertaken by nearly all governments in the post-independence period (Jayasuriya et al. 1985). Social assistance schemes based on the British Poor Law 'principle of less eligibility' pointing to a selectivist approach to poverty alleviation (that is, as a safety net for those most in need) stands in sharp contrast to the universalist policies in other areas such as income maintenance through the food subsidy, free health care and education. As Midgley (1984a: 3) rightly observes, this approach to public welfare is:

> [D]escended from poor law principles in European states which have been established in a number of developing countries ... [and] are a startling example of the maintenance of colonial welfare policies in the post colonial Third World.

In contrast to these selectivist policies relating to public welfare, the food subsidy which originated as an emergency wartime measure of public welfare was a universal measure. It was first introduced as a subsidy in rice-deficient areas and later extended to other areas, along with the addition of wheat flour and sugar as subsidised items. As a result of this universalist policy, rice, wheat flour and sugar were rationed during the war period and sold at controlled prices to stabilise the cost of living. Sen (1981a) identifies the food subsidy as an example of the concept of entitlements, in particular, as a method of *universal support* of non-exclusion, guaranteeing the 'right to food' and being effective in famine prevention.

The rationale for this policy was similar to 'the development of services as well as the provision of help in cash or kind [as] an impressive aspect of the wartime evolution of welfare' in Britain (Bruce 1961: 272). Indeed, it was this which prompted Sir William Beveridge—the architect of the Beveridge Report of 1942 which led to the foundation of the welfare state in Britain—to pose the question: 'If for warfare, why not for welfare'. The food subsidy, a wartime measure in Sri Lanka, as it turned out, was destined to become an institutionalised welfare measure for nearly three decades after the war.

The food subsidy which remained as a welfare policy measure until the 1970s was the single most important item of social expenditure, varying between 4 and 5 per cent of GNP during the period 1970–81. This single social policy measure acquired considerable social, economic and political importance as the principal anti-poverty measure of all post-independence governments. The food subsidy, based on the principle of material benefits (that is, the provision of goods and services), was the preferred strategy for achieving welfare state objectives of income maintenance.

This universalist policy orientation of the food subsidy and other social policies (for example, health and education) reflected the orthodoxy of the philosophy of the British welfare state, founded on the need to make social policies free of discrimination inherent in the indignities of the poor law (Titmuss 1974) and to share social risk more broadly. This British tradition of linking citizenship with universal social rights except for social security and public welfare was at least implicit in the welfarism of this period in Sri Lanka.

The How, and Why, of Social Policy

The Sri Lankan welfare state was, by any reckoning, in conformity with the understanding of the welfare state as public provision for the protection of its citizens from 'the consequences of want, ignorance or sickness' (Laybourn 1995: 4). The welfare state, as it evolved in Sri Lanka, was an offshoot of the democratisation of the colonial state associated with the process of modernisation through economic development and democratisation.[10] It was a flourishing colonial economy, mainly based on commercial agricultural commodities, which created conditions of heightened economic security and well-being, and an entrepreneurial class, all of which were conducive to democratisation, political reform and welfarism. Democratisation, importantly, through progressive constitutional reforms framed within the context of 'indirect' rule, uniquely associated with British colonisation, provided the impetus to social and political reforms throughout the 19th century.

The democratisation process itself was based on the assumption that the colonial state functioned in a manner which would represent an absent ruling class (Mamdani 1976) whose functions were exercised by the local indigenous bourgeoisie, a Western educated élite. The success of British colonial policy in Sri Lanka rested largely on creating and managing this local élite. Its policy was so structured to ensure that this local bourgeoisie, a comprador élite, was a geographical extension of the metropolitan political state. Accordingly, one of the objectives of education policy development in the late 19th century was to equip this local élite with knowledge, skill and competence to represent the ruling class as administrators. This was achieved by transplanting British cultural values and liberal political ideas and creating a local ruling class of 'brown sahibs' who helped to sustain British colonial interests. From the reproduction theorising perspective, the colonial school system was oriented primarily to: 'The production of the right kind of labour power ... the school not only teaches basic skills, but also the rules of behaviour and attitudes appropriate for the positions in production the children are destined for, as workers or as agents of capital' (Connell 1980: 35).

The ideology of British liberalism imposed on Sri Lanka in the early phase of colonial rule, similar to that in India, helped to shape the Sri Lankan political economy on the basis of three elements—*free trade, evangelicalism* and *philosophical radicalism* (Stokes 1959). The laissez faire policies of free trade were central to the colonial economy, and at the same time, fostered an alliance with a local capitalist class. As in Britain,

this was a qualified laissez faire which provided for a minimal role for the state in safeguarding society from disruption and institutional dysfunctional effects (crime and lawlessness, and so on). Evangelicalism, through the work of Christian missionaries, mitigated the adverse effects of unbridled growth by legitimising the 'civilising mission' of colonial rule. The main function of missionary organisations was to provide social supports for colonial rule, enabling a greater degree of acceptance by the ruled.

Unlike in other colonial countries such as India, social reform in Sri Lanka, as previously noted, was not paramount in the agenda of the Christian church. This policy strategy of the colonial Christian organisations was executed with active colonial government involvement in establishing a school system, vigorously promoted by Christian missionary societies. Christianisation, mainly through education, was not only an important avenue for social betterment and social mobility but also directed towards cultural assimilation and co-optation of the local educated intelligentsia into the colonial culture and social structure. At the same time, the social antagonism towards Christian institutions fuelled the cultural nationalist movements of the late colonial state and nurtured the emergent post-colonialism.

The third element—philosophical radicalism—gave British liberalism a solid intellectual basis for articulating its philosophical and social commitments. Thus, in the Sri Lankan context, there is no doubt that the utilitarian thinking which guided the political reforms of 1931 had a lasting influence on all aspects of political and social development. The increased commitment to social interventions, clearly evident throughout the period of British colonial rule, was a direct consequence of the impact of the progressive ideas of the British liberal political culture on colonial administrators as well as the local élite. As a result, democratic ideas, values and institutions took firm root in the Sri Lankan polity.

The essential problem of colonial policy, from a British perspective, according to Hinden (1959), could be summed up as a 'simple alternative, imperialism or trusteeship, bread or freedom' (p. 15). The evolution of Sri Lanka as a fledgling democracy during British colonial rule exemplifies the skill with which the mix of material benefits from education, health and welfare was combined with freedom. It was, of course, a mix fraught with tensions and contradictions such that the success of mixing 'bread and freedom' may have contributed to the very end of colonial rule. What is perhaps worthwhile noting is the remarkable similarity in the

evolution of social policy in Britain and Sri Lanka in that the fundamentals of social policy in Sri Lanka have tended to mirror those in Britain from 1830 to 1914.

Using the three periods identified by Evans (1978) in portraying the development of interventionist social policies in Britain, what stands out is that, subject to some degree of cultural lag, this general pattern was also reflected in Sri Lanka. The colonial social policies in Sri Lanka, such as those that emerged following the Colebrooke–Cameron reforms of the 1830s, were directly related to the social and political climate in Britain at this time. Following Evans (1978), the period 1830–70 in Britain, identified as the age of laissez faire, pursued the social policies of this period in the spirit of Benthamism and utilitarianism. It was clearly a political culture tempered by the Benthamist credo of 'the greatest good of the greatest number' and by the utilitarianism of J.S. Mill. For Mill, collective action of the state permitted interference with personal freedoms and liberty so long as it was for preventing harm to others (Bruce 1961).

The next period 1870–95, which Evans (1978) termed 'the beginnings of collectivism', ushered in a new conception of society as one influenced by a 'social conscience' (Bruce 1961), in which welfare was seen as an alternative to utility. This shift in British social attitudes was also manifest in colonial social policy in that the state in both Britain and Sri Lanka began to modify its policies of non-intervention. The governments in each country for a different reason—industrialisation in Britain and modernisation in Sri Lanka—sought to intervene in the management and regulation of the process of industrialisation or modernisation. The introduction of factory legislation and particularly the Education Act of 1870 in Britain leading to free compulsory education in 1891 may be placed alongside the 'vague egalitarianism' evident in social reforms in Sri Lanka, such as those pertaining to education, the non-recognition of caste and provisions relating to health and labour welfare.

The third period of social policy development in Britain in 1895–1914, according to Evans (1978), witnessed a heightened interest in welfare-oriented public policies such as the New Poor Law and insurance against social risks, proposed by the British Liberal government of 1910–14. There were also other measures introduced by the Lloyd George Liberal governments of 1905–14, such as the establishment of the School Medical Service, school meals and the Children's Charter of 1908. Following these reforms, the National Insurance Act of 1922 which stands out as a landmark event in the development of the British welfare state was a direct

outcome of the ideology of *social liberalism*. This was a period marked by 'a widespread stirring of social consequence, a "new consciousness of sin", as Beatrice Webb called it, of the moral obligation of the rich to the poor' (Bruce 1961: 142).

Conclusion

Looking back over this period of self-rule (the late colonial state), it is difficult not to overestimate the importance of the 1931 constitutional reforms. The extension of the franchise, in a sense, partially democratised the colonial state while at the same time presenting the unelected local colonial executive—who had control of the purse—with significant problems of legitimacy. Social welfare policies, though accorded low priority during the war period (1939–45), except for the decision to provide a food subsidy for the whole country, were responsible in 1947 for the expenditure of approximately 56 per cent of total government expenditure. This represents nearly a 50 per cent increase since 1931 when it was only 24.5 per cent (Warnapala 1974).

Besides the food subsidy, universalist policies bearing on social development during the late colonial state were manifest chiefly in two conspicuous directions, namely, education and health, and to a lesser extent in the fields of public utilities and public welfare. However, this social policy ethos of universalist social policies and programmes did not permeate into the areas of social security and income maintenance. These legislative provisions, barring some agrarian reforms such as those pertaining to land tenure, were mostly urban centred. As a rule, the social policy agenda on social security was framed within a residualist orientation, reminiscent of the British Poor Law tradition. Limited social assistance and relief for the needy and destitute provided by the state formed the basis of poverty alleviation, which for the most part was left to the family assisted by voluntary organisations.

Overall, the evolution of social policy during this period was in no small way a product of this complex dynamic of enhanced democratisation and the search for legitimacy. Much of the heavy social expenditure by governments at this time was driven by 'Egalitarian conviction as well as political expediency ... for food subsidies, health, welfare and education. These in turn helped many people to survive ... and [also] increase the numbers and ambitions of the educated' (Wriggins 1980: 465).

Moreover, the constitutional reforms of 1931 promoting electoral competition served to generate a mix of electoral politics and welfare politics and were destined to loom large in post-independence politics as one of the main legacies of colonial rule. There is no doubt that the driving force in matters of social development evident in the welfare politics of this period was the thrust towards democratisation government. With the introduction of universal suffrage leading to a semi-independent form of elected government, it was considered 'a function of government to secure for the people not only their civil and political rights but also their economic, social and cultural rights' (Cooray 1969: 32).

As we have shown, there was a sustained interest in social reform, clearly seen in the dominance of welfarism in the electoral politics of this period. The compendium of social legislation relating to various matters of social security and economic welfare was largely a product of British 'social liberalism'. For instance, the collection of social statistics documenting the incidence of social disadvantage was no doubt influenced by social liberal ideals evident in the 'political arithmetic' of British poverty studies of Booth, Rowntree and others as cited in Bruce (1961).

The more intriguing question is how does one account for this pattern of social policy growth in Britain and Sri Lanka. Considering the variety of interpretations offered to account for these policy initiatives (for example, Crowther 1988; Goldthorpe 1964; Laybourn 1995) one identifies three main ways of accounting for the processes of social policy evolution. One view, originating from the classic work of Dicey (1996), suggests that what is most effective is the impact of 'big ideas' of great thinkers such as Chadwick, Bentham, J.S. Mill, Tawney and Keynes. The ideas of these thinkers became critical in shaping law and policy, mainly by virtue of their influence on public opinion. Supportive evidence for this interpretation comes from the manner in which the thinking of colonial administrators was heavily influenced by utilitarianism as well as evangelicalism, which as a social creed was no less important than Benthamism. These ideological influences were also markedly evident in Sri Lanka. Witness, for example, the powerful impact of Fabian socialist and Marxist ideas in the growth of the labour movement and radical Left politics in Sri Lanka. In short, the local bourgeoisie, the de facto if not de jure élite, ruling class, because of their anglicisation or westernisation, were well indoctrinated into the cultural ethos of their British overlords. It was ironical that in the long term these ideological forces helped to undermine British hegemony by giving intellectual and moral support in the struggle for self-rule and political independence.

The other interpretation of the processes of social policy evolution is more sociological. Thus, for example in Britain, it is argued that social policy initiatives were a direct consequence of the social problems created by industrialisation, such as urban poverty and social disorganisation which generated a sense of 'social conscience'. Out of this arose a new political and social philosophy centred on new ways of social and political thinking requiring an active role by the state through measures of social intervention in combating social problems. Social policy outcomes were therefore seen as 'social imperatives', practical ways of overcoming class conflicts and ameliorating social problems.

This functionalist interpretation of social policy development clearly regards the collectivist action for social welfare as being governed by the needs of the society. In pointing to the limitations of this view, that is, social policy as a sort of 'social imperative', Goldthorpe (1964) offers a third point of view in accounting for changes and shifts in social policy development. He argues for a more refined functionalist interpretation on the grounds that we should take note of not only the needs of society but also the objectives and social purposes of individuals and groups.

Each of these interpretations is not mutually exclusive, and any specific account of the evolution of social policy would need to invoke one or more of these interpretations. Anne Crowther (1988) has presented a re-conceptualisation of the nature and rationale of these processes of change by distinguishing between what she calls the 'pluralist' and 'élitist' models. The pluralist model is akin to Goldthorpe's (1964) refined functionalist interpretation which locates policy development within a democratic context. This is viewed largely as a way of resolving conflicts, an outcome of 'the conflict between classes and interest groups' and, by contrast, presents an elitist model that sees 'policy as determined largely by the interests of the economically dominant classes, usually well represented in the bureaucracy' (Crowther 1988: 12). Crowther argues sensibly that over time, social policy in Britain has not been one of 'either/or', but more a compromise between the pluralist and elitist models. This is equally applicable to the Sri Lanka scene.

Notes

1. The reference to the Buddhist revival of the early 20th century as 'Protestant Buddhism' (see Gombrich and Obeysekere 1988; Malalgoda 1976, 1977) stems from the anthropological distinction between traditional and practised Buddhism, which

is highly contested (for example, Bond 1992; Holt 1990). Recent work (Illiah 2000) has suggested that the social teachings of doctrinal Buddhism were also evident in the theory and practice of all the Buddhist traditions (L. Jayasuriya 2005).

2. In the 1970s, the Sinhalese Buddhist Nationalist movement was led by the bilingual educated élite who were splintered between moderate radicals and ultra-nationalist traditionalists. See Jayawardena (2000).
3. Ramsay MacDonald, the Prime Minister of the first Labour government in Britain, visited Ceylon in 1926 (Jayawardena 1972).
4. Kearney (1971) observes that the Donoughmore Commission in recommending the franchise reform cited the 'backward character of social and industrial legislation' as an indication of the need for a drastic widening of the franchise (p. 4).
5. See *Social Legislation in Sri Lanka*, unpublished MS, edited by L. Jayasuriya available from the Central Council of Social Services, Sri Lanka; also Warnapala and Woodsworth (1987) for a listing of noteworthy social legislation 1931–45.
6. See R. Pieris (1964) who, quoting from an article by Sir Ivor Jennings in *Political Quarterly* 1946, observes that for Jennings, the colonial university was not merely a university, but also a National Gallery, British Museum, Burlington House, Bloomsbury, Chelsea, Royal Society, London Library, Drury Lane and much more.
7. Uragoda (1987) and Jones (2000, 2008) provide well-documented historical accounts of developments in health care in the early and late colonial state (1831–1977).
8. Some scholars have argued that the sharp fall in mortality rates found in the 1940s and 1950s was mainly due to the control of malaria through the spraying of DDT. This is questioned by others such as Sarkar (1957) and Meegama (1967) who draw attention to the overall impact of improved preventive and curative health care services, alongside the other benefits of the social welfare system (for example, better nutritional status and education for women).
9. Social assistance as a form of social security is defined by the ILO as a 'service or scheme which provides benefits to persons of small means granted as of right in amounts sufficient to meet minimum standards of need and financed from taxation' (ILO 1942: 84).
10. The term 'modernisation', popularised by Daniel Lerner, is generally understood as referring to 'the changes brought about in a non western country by contact, direct or indirect' (Srinivas 1968: 50). Often, 'modernisation' is also used interchangeably with 'westernisation' (Srinivas 1968).

7

Consolidation of the Welfare State

Looking back over the past quarter of a century, it can broadly be said that remarkable progress has indeed been made [in Sri Lanka] on the social side. But the transformation of the economy is lagging behind.

—Dudley Seers (1971)

Introduction

The most decisive stage in the evolution of Sri Lanka as a social democracy flows from the far-reaching constitutional changes that occurred at the end of World War II in 1945. The colonial government, following criticisms of the 1931 Donoughmore Constitution, and in response to continued agitation for complete self-rule appointed the Soulbury Commission to report on further constitutional reform. This commission proceeded to recommend a system of fully responsible government under the Crown with a greater degree of autonomy than that permitted by the earlier 1931 constitution. It also included a firm assurance from the Colonial Office, of self-determination in the foreseeable future (Soulbury Report 1945). After protracted negotiations between the Sri Lankan government and the Colonial Office, Sri Lanka was in 1948 granted a new constitution with 'fully responsible status within the British Commonwealth of Nations'. The new constitution was modelled on the liberal notions of a secular state and a Westminster-style bicameral legislature. In addition, the Soulbury Constitution of 1948 was explicit in stating that the legislature should be debarred from having discriminatory laws against the minorities. This, however, did not include an entrenched constitutional guarantee of fundamental rights.[1]

The achievement of fully responsible self-governing status within a parliamentary system of government was, however, still shrouded in the trappings of the late colonial state. This was clearly apparent in the first three decades of independence, roughly from 1948 to 1977, and clearly indicates a mix of the conflicts and tensions arising from the past. The politics of this period is notable for the interplay between two dominant themes or subplots (M. de Silva 1973), namely, identity politics and welfarism, which in many ways foreshadowed the emergence of 'the post-colonial state'. One of these themes was built around ethnic minority issues and the other on the question of social welfare policies. As regards minority politics, the achievement of self-government only served to throw into sharp relief the historical legacy of the problems of nation building in a multi-racial or plural society.

Minority politics of the pre-independence era had been built around the idea of a *Ceylonese* nation implying a notion of an 'integrative secularism'. This came to the fore in the political arena when there was 'the almost sudden awakening of the nationalist civil society' (Uyangoda 1999: 91) with the achievement of independence from foreign rule. But these social forces were contained by a strategy based on 'responsive cooperation' and accommodation among the dominant elite (Rajasingham-Senanayake 1999), all of whom, irrespective of race or religion, were drawn from the Western educated middle class. This strategy signifying a class alliance with common interests in maintaining political stability is best described as an 'élite accommodation'. But, it was indeed wishful thinking and 'an illusion' that 'the minority problems of Ceylon could and should have been solved with the grant of independence' (Jeffries 1962: 135).

The first signs of cracks in this strategy which had helped to maintain a relative peace between the majority Sinhalese and minority interests came with the Citizenship Act of 1948 denying citizenship status to Tamils of Indian origin and employed as plantation workers (Kodikara 1965). But it was only the moves towards replacing English as the official language with the national languages (Sinhalese and Tamil) that shattered the earlier phase of responsive cooperation and accommodation politics. This eventually led in 1956 to the declaration of Sinhalese as the official language of the majority community. From this point onwards, minority politics became enmeshed with the forces of a resurgent nationalism among the Sinhalese and Tamil communities.

Minority politics, central to the political developments of the post-independence era, are particularly significant in that they serve to highlight the unfolding of party politics which were to play a key role in fashioning

social development. The local élite, who were responsible for negotiating the transfer of power from the British colonial rulers and gaining political power from 1948 to 1956, soon became differentiated into two main party blocs instituting a bi-polar political system. This was in many ways an inevitable consequence of the plurality system of parliamentary elections, that is, the first past the post-voting system (C.R. de Silva 1981). Within less than a decade of achieving independence, there emerged two main party blocs: Centre Right and Centre Left. One was the United National Party (UNP), a non-sectarian Centre Right patrician party whose leadership was made up of the elite upper classes (for example, landowning families), the corporate sector and the bureaucracy, and the other was the more progressive Centre Left Sri Lankan Freedom Party (SLFP), a breakaway from the UNP.

The SLFP was a loose alliance built around a brilliant patrician politician (SWRD Bandaranaike) who used the dormant but emerging forces of cultural nationalism, particularly among the Sinhalese, and élite groups, to build a political party with a strong rural power base (though not a party of the peasantry or the peasant party). Alongside the strong support for Sinhala nationalist sentiments such as language and religion, the party had a strong anti-establishment tone, manifest in egalitarian social reforms seeking distributional equity for the rural sector and a measure of greater social justice. The pursuit of equity and justice through electoral politics was largely driven by the Left parties (Trotskyites and Communists) who were in coalition with the SLFP and whose power base was in the urban working class, lower middle class and workers in the plantation sector (Jupp 1978; Wriggins 1980).

What is distinctive of this post-independence period was the juxtaposition of constitutional stability alongside a social climate of decolonisation manifest in a resurgent nationalism. During this period, the twin themes of cultural nationalism and distributional equity were neatly packaged into electoral politics espousing 'welfare statist' policies. All these policies, requiring statist intervention in managing economic and social policies, were skillfully engineered by means of a system of 'alliance politics'. As a result, the SLFP–Left alliance unlike the Centre Right UNP which was committed to progressive social reforms and a mixed economy pursued Keynesian-type interventionist policies of egalitarian reform. This ensured that competitive electoral politics in the first three decades of self-rule would be dominated by welfare politics. However, the Achilles' heel of the SLFP as the dominant party of this Centre Left alliance in its claims to recognition as a genuine national party was its vacillation on issues

of minority policies, destined to eclipse the welfare politics of the post-colonial era.

The Foundations of the Welfare State

The Three Pillars: Education, Health and Social Security

The emergence of the welfare state was essentially a process of consolidating the welfarism of the pre-independence era (1931–48) of partial self-rule that was central to the maintenance of political and social stability in the first two decades of independence. Granted that the essential programmes and services of the welfare state differ from country to country, it is clear that in the case of Sri Lanka the welfare state emerged as a coordinated institutional system[2] only in the 1960s and 1970s, mainly because of a range of social and economic policies that were implemented by several left inclined coalition governments of this period. This included a complex array of labour welfare measures inherited from the early colonial state and expanded to include an elaborate body of labour legislation to regulate employer–employee relations (W.P.N. de Silva 1964; Jayawardena 1972; R. Pieris 1976). Sri Lanka too, as in the industrial societies of the West, sought to assure 'government protected minimum standards of income, nutrition, health and safety, education and housing to every citizen as a social right' (Wilensky et al. 1985: 1).

In this regard, the foundations of the Sri Lankan welfare state, exemplifying the collective action for social welfare, are represented by *The Education Act of 1945* (Government of Ceylon 1943: Kannangara Report); the establishment of the *Department of Social Services, 1948* (Jennings Report 1947) and *The Health Services Act of 1952* (Cumpston Report 1950). These major social documents and acts relating to education, health and social services or welfare which constituted the core of the welfare state, warrant comparison with what T.H. Marshall (1973) refers to as the 'three pillars of the British welfare state', namely, the *Education Act* (Butler), *National Insurance Act* (Bevan) and *National Health Act* (Bevan). The importance attached to social welfare initiatives arising from these three reports is revealed by the fact that during the first two decades of independence (1948–68), social expenditure which includes education, health, transport and food subsidisation and public welfare assistance, hovered around 40 per cent of total public expenditure

or 10–12 per cent of the GDP (Marga Institute 1974). In public policy terms, the implementation of these several reports in Sri Lanka established firmly the principle of collective provision for common human and social needs through state intervention.[3]

The Kannangara Report (Government of Ceylon 1943) was perhaps the single most important social policy document of this period as it adopted a bold and radical approach to welfare by recommending a system of *universal* and *compulsory* free education from the Kindergarten to the University. This unique and memorable report, now lost in the dim mist of social history, outlined what the erudite Left wing politician, Dr N.M. Perera (1944), in defending the proposal for free education from the Kindergarten to the University, referred to its 'amazing... revolutionary objectives'. These objectives were highly consistent with the pragmatic politics of the Left, more characteristic of Fabian socialism than Marxist revolutionary Left politics. This is further confirmation that welfarism in Sri Lanka was framed in terms of universalistic social policies and constitutes a distinctive feature of the Sri Lankan welfare state. The Kannangara Report states that among the objectives sought by its far-reaching proposal were:

> [T]he prevention of unemployment, the raising of the standard of living of the masses, increased production, a more equitable system of distribution, social security of co-operative enterprise, etc. But none of these things can be fully realized without mass education. We are of the opinion that free education must come first and foremost. (Perera 1944: 5)

There was no doubt that given the leading proponents of this ideology were the radical left groups, 'the dominant motivation for [free education] was the egalitarian ideology of removing inequities and inequalities' (J.E. Jayasuriya 1969: 91). This egalitarianism was, however, more a mirage than a reality because when these policies were implemented the main beneficiaries were the middle class. Acknowledging the structural constraints on greater educational opportunities, subsequent policy developments contained proposals for the establishment of a national system with the prime objective of increasing educational equity.[4] These reforms refer to changes in the medium of instruction in education from English into the national languages—Sinhalese and Tamil, the expansion of state-run Central schools (first established in the pre-independence period) to include all provincial towns, the takeover by the State of denominational schools and the expansion of higher education, all of which were intended to obtain greater equity.

The schools takeover originated partly from a report by an independent commission (Buddhist Committee of Inquiry 1956) appointed by a peak voluntary organisation, the All Ceylon Buddhist Congress. These moves were spearheaded by the growing cultural nationalist movement, especially of the Sinhalese Buddhists, which strongly opposed the preferential treatment accorded to Christian denominational schools in receipt of 75 per cent of state aid.[5] There was broad-based political support for these reforms mainly because of the equity argument inherent in this demand which gained the support of the more secular Left-oriented political parties who were in coalition with the governing party, the SLFP. The SLFP was able to use these reform proposals to cement an alliance of interest groups in their bid to gain political power. This is further confirmation that much of the reforms of the late colonial state were a direct and inevitable consequence of electoral politics.

Likewise, the language policies of the post-1956 era, demanding that English be replaced by the national languages—Sinhalese and Tamil—also had broad-based political support, except for minority Tamil opinion. Language policies were clearly linked with the political pressures arising from earlier agitation for compulsory universal education and a measure of greater educational equality. Whatever be the later consequences of these policies, mainly as a result of making the language of the numerically and politically dominant group—the Sinhalese—the official language, language policy was politically and electorally a predictable outcome of the empowerment of the rural elite and the peasantry.[6]

By virtue of the greater social mobility resulting from the policies of universal free education, significant segments of the rural population, especially the rural middle class rural élite, were able to move into occupations previously monopolised by the Western educated urban middle class. It is, however, questionable whether the goal of greater equality of educational opportunity in terms of guaranteed access to education as a 'public good' equally available to *all* citizens was achieved as a result of these educational policies. The quality of education available, and, in particular, the ease of access to science education facilities while it favoured the urban middle class, also brought to the fore the regional inequalities in the access to educational opportunities, particularly in the rural and plantation sectors.[7] Concurrently, it exacerbated dormant ethnic differences in that some segments of the minority Tamil community had favoured access to quality science education. For these reasons, the egalitarian objectives of these social policies in terms of distributive justice outcomes were only partially achieved. These education inequalities only served to reinforce

the reality of: 'a dualistic social structure consisting of a disadvantaged majority and a privileged minority divided by language, economic and social status' (Jayaweera 1969: 8).

The Cumpston Report (1950) which led to *the Health Services Act* stands out as the second pillar of the Sri Lankan welfare state. Dr J.H.L. Cumpston, the architect of the report, was a distinguished Australian public servant who, as Director General of Health Services in Australia (1921–45), was responsible for the creation of the Commonwealth Department of Health, Australia. In Australia, Cumpston was 'a central figure in the development of collective responsibility for health care on a national basis' (Thome 1974: 348), that is, the belief that health services should be readily available to all people.

The major achievements of the Cumpston Report were threefold: the abolition of private practice for doctors in the state sector, the development concurrently of preventative and curative services, and setting out the rationale for an equitable universal health service in guaranteeing the rights of social citizenship. Its most significant recommendation was the strengthening of the public sector by the abolition of private practice for doctors working in government hospitals. Cumpston was emphatic on the need to abolish private practice and argued that no government can 'justify the expenditure of public funds to provide a subsidy to a select group of doctors so that they can provide a private medical service to that exclusive group in a position to pay (sometimes large) fees' (Cumpston Report 1950: 9).

This policy recommendation, fully implemented in 1972 (the 'Channelled Consultation' scheme of 1964 for specialist doctors in public service), was only an intermediate step. It was, however, regarded as being central to the establishment of a state-funded equitable system of national health care. Admittedly, the basic policy framework for health care was already well established as a result of the progressive introduction of Western medical services through a wide network of free medical institutions, including manpower for the health sector (Uragoda 1987). In fact, during the first two decades of independence, 'the number of medical care facilities exceeded demand' (Perera 1985: 100). The improved provision of health services which included a well-developed health infrastructure along with other aspects of the social welfare system (for example, high level of literacy, autonomy of women, equality of intra-household food distribution and other health-related behaviours) accounts for the increased life expectancy, nearly 100 per cent over the last century (Caldwell and Caldwell 1985; Nadarajah 1976).

Although the Cumpston Report did not have as great an impact as the Kannangara Report had on education policy, it was, nevertheless, highly influential in determining the future directions of health care policy, such as those relating to the allocation of resources and the organisation of the delivery of health care services. In fact, the funding allocation for the sector reached its highest—7 per cent approximately of government expenditure, or 2 per cent of GDP in the 1960s.[8] The influence of this report may be gauged by the fact that there was a striking decline (for example, life expectancy at birth which was around 42 per cent rose to approximately 73 per cent in 2000) in mortality rates in the latter half of the 20th century.

The rapid expansion of health services needs to be qualified by recognising the important role of a well-developed system of indigenous medicine, Ayurveda and Unani that existed alongside Western medicine and cognate health services (Waxler 1984). The medical pluralism in Sri Lanka is 'closely related to the social, economic and political structure of the society ... [and one which provides] ... social, economic and political power to some members of society' (I. Pieris 1999: 50). The health care needs of a sizeable section of the rural population had been relatively neglected by public policies relating to health which were biased in favour of Western medicine (I. Pieris 1999; Simeonov 1975). Considering that indigenous physicians were mostly from the rural areas, they represented a powerful interest group closely allied to the nationalist movement. This meant that attempts to integrate these two systems of medicine were to become engulfed in the electoral politics that emerged in the heyday of the late colonial state. The conflict between the Western and indigenous health systems also mirrors the underlying tensions of the dual society, which were intimately associated with the collapse of the cultural ethos, so distinctive of the late colonial state.

The Social Services Commission Report, generally known as the Jennings Report (1947) after its Chair, Sir Ivor Jennings, constitutes the third pillar of the Sri Lankan welfare state. It is worth noting that the membership of this commission which originated from the pre-independence period was comprised of a representative cross section of the colonial elite of the period. The membership of this commission included a leading economist, prominent lawyer and a leading Catholic educator. The Chairman and main architect of the report was none other than Sir Ivor Jennings—a leading constitutional theorist, and later Vice Chancellor of the University of Ceylon and Cambridge University, who it is reported met with Lord Beveridge, the architect of the Beveridge Report, in Britain, to discuss the mandate of the commission. Although the Jennings Report (1947) gave

serious consideration to the thinking underlying the logic and rationale of British social policy emanating from Beveridge, it did not necessarily adopt the rationale and thinking of the Beveridge policies.

The Jennings Report on Social Services, unlike the Kannangara Report (Government of Ceylon 1943) on Education, was cast more in the form of a public policy exercise in social planning, which did not elicit much political interest.[9] The Jennings Report examined the questions of social policy relating to social security, especially unemployment, financial distress, old age and disability and destitution and endeavoured to formulate its policy responses in a manner relevant and appropriate to the dual economy that evolved in the late colonial state (Jayasuriya et al. 1985). The main recommendations of the report centred on developing a financially viable plan for social security designed primarily for the wage earners in the commercial and public sector. This report eventually led to proposals for several social insurance schemes (for example, health, unemployment and a national provident fund), all of which were expected to operate as contributory schemes based on employer and employee contributions. These still remain on the drafting board.[10]

Following the Jennings Report, the formal social security system consists of pension and contributory insurance schemes. These cover mainly public servants, teachers in state schools, the corporations and some in the private sector who rely on mandatory savings schemes. This also denotes a marked difference in social security financing between the private and public sector (Karunaratne and Goswani 2002). The main components of social security schemes covering approximately 25 per cent of the working age population consist of Employee Provident Funds (EPF), Public Service Pensions Schemes (PSPS), Employee Trust Funds (ETF) and Approved Private Provident Funds (APPF) for those opting out of the EPF in the private sector, and Voluntary Schemes (Farmers, Fishermen, and so on) (Gaminiratne 2004).

The social security system, built around the pension scheme and originating from the early days of colonial rule (established in 1901), is financed by Consolidated Revenue Funds in the Annual Budget. It is available to all public servants, after 10 years of service in a tenured position. Retirement in the public sector is compulsory at the age of 60 years and optional at 55 years, but in recent years it has been the practice to retire public servants at 55 years of age with a view to increasing labour market opportunities. In addition to the basic pension, however, cost of living and special allowances are payable at rates which tip the scales in favour of lower paid public servants. Part of the pension can also be converted

into a lump sum. Employees in the public sector, ineligible for pensions, were covered since 1942 by a contributory scheme—the Public Sector Provident Fund (PSPF).

Public servants are also covered by mandatory survivor and disability benefits in the form of the Widows and Orphans Pensions Scheme (WOPS) which is, however, a contributory scheme requiring male employees to pay 4–7 per cent of their emoluments. Overall, income security schemes for the public sector are seen as being 'relatively generous when viewed in terms of replacement rate, protection against longevity risk and survivors benefits' (Karunaratne and Goswani 2002: 100). Furthermore, the EPF, established in 1958, was an earnings-related welfare measure maintained by the state to provide public servants a measure of income security in the case of termination of service, abolition of office, ill-health or unexpected retirement. The EPF, managed by the Central Bank on behalf of the Department of Labour, is based on a total contribution of 20 per cent of income earned—12 per cent by the employer and 8 per cent from the employee—and the benefits are provided as a lump sum after retirement. In addition to the EPF, since 1981, public sector employers as well as those in state corporations, universities and the private sector are required to participate in an ETF which had the defined objective of promoting employee ownership and equities. But contrary to this expectation, as it currently operates, it merely duplicates the functions of the EPF (Karunaratne and Goswani 2002).

The EPF also caters for the wage-earning sector not covered by private schemes which are primarily for agricultural and industrial establishments with fewer than five employees. Shops and offices with fewer than three employees, as well as casual employees were exempt until recently. But with amendments to the act, they have been formally extended to cover all private and casual employees. There are also several APPF similar to the EPF operated by private organisations but subject to state regulation. While the Central Bank of Sri Lanka has overall responsibility for the investment of EPF funds and payment of benefits, the Department of Labour is responsible for personal records of employees, registration of employees and enforcement of the provisions of the EPF Act.

The Jennings Report referring to notions of Beveridge style social protection through social insurance did warn policy makers that income maintenance programmes were costly and did not warrant immediate implementation. The insurance schemes which were subsequently adopted by the government were targeted mainly on the wage-earning sector, especially employees in the public and private sectors located mostly in

urban areas. In an assessment of formal security schemes, the International Labour Organisation (Seers 1971) noted that supervision of EPF appeared to be inadequate. It was also stated that the benefits paid by the EPF in spite of a high contribution rate amounting to approximately 15 per cent of total wages were considered inadequate mainly because of the relatively high life expectancy in Sri Lanka.[11]

The self-employed and the non-wage-earning sector, particularly in rural areas, have few social security provisions for income protection and maintenance except for social assistance in the form of casual relief or public assistance, such as monthly allowances from the Department of Social Services. The Department of Social Services has also some limited responsibility for providing accommodation for the aged. The first state-run home, a dormitory-type institution, was opened in Koggala in 1951, and subsequently three similar institutions were opened in Anuradhapura, Jaffna and Mirigama in 1952. In 1957, there was a change in policy and cottage-type accommodation, as originally recommended in the Jennings Report was confined to housing no more than 25 persons. These cottage homes which soon became the preferred mode of housing for the aged were established with government subsidies mainly by non-government organisations (NGOs), and to a lesser extent, by local authorities and the rural development societies (RDSs). Meanwhile, private homes for the aged mostly catering to the indigent continued to receive government assistance on a per capita basis. There are also a few private commercially run homes which provide accommodation on the basis of the inmates' capacity to pay fees.[12]

There has been no attempt to determine an overall integrated programme to cater for the aged in Sri Lanka, an expanding segment of the population.[13] The benefits available, such as, from the many provident funds, are generally inadequate to provide for lengthy retirement and for long-term care and protection. In essence, the same factors apply to the aged as when Jennings reported on the problem in 1944. More often than not, old people became dependent on their families for sustenance during the years of retirement. As a relatively large proportion of the population is not covered by retirement schemes, many are dependent on Poor Law relief or social assistance, and the limited Aged Accommodation provided by the private homes maintained by NGOs.

However, the most serious shortcoming as regards social security is the lack of any form of income security for the non-wage-earning sector. The existing social security policies clearly have had little relevance for the vast majority of the people living in a predominantly agricultural society,

especially those living in rural areas. Nevertheless, Sri Lanka, unlike most other agricultural economies, did make an effort to provide some limited form of social protection for the farming sector by 'organised relief schemes to cushion the impact of a loss of crops and other natural disasters' (Savy 1972: 129). For instance, as a part of the package of welfare measures introduced in the 1950s and 1960s, since 1961 there has been a crop insurance scheme (Crop Insurance Act 1961) which is heavily subsidised by government but made compulsory only with respect of paddy cultivation. This scheme, administered since 1974 by the Agriculture Insurance Board, is clearly seen as a social security measure which guarantees farmers a minimum income even in times of crop failure and lessens the need for any formal social assistance. What is important to note is that these crop insurance schemes formed a part of the package of rural welfare policies. This helped to consolidate the welfare state in the 1960s (Moore 1985; Osmani 1988) by making these schemes an integral component of the package of welfare policies.

In retrospect, it is clear that the Jennings Report was a conservative social document which did little to establish a viable and effective system of social security in what was after all basically an agricultural peasant society. Furthermore, the Report failed to ensure that the Sri Lankan welfare state would serve as a guarantor against social risks such as those arising from unemployment, sickness, disability and old age. Although the pension provisions, as previously noted, existed only for the organised public sector employees, the wage-earning working class also benefited from labour welfare measures such as industrial safety and hygiene, workers' compensation, retirement gratuities and death donation schemes[14] (L. Jayasuriya 1971). In brief, what evolved later, under successive governments of the late 1960s and 1970s, was a highly limited scheme of social security based on employer–employee contributions targeted solely at the wage-earning public sector (Seers 1971; Jayasuriya et al. 1985).

Social Welfare Provisions—Statutory and Voluntary

Housing and Public Utilities

Besides the social programmes and services arising from the three major reports—on education, health and social services—the other notable features of the Sri Lankan welfare state relate to housing and public

utilities (for example, transport, water, posts and telecommunications and electricity). The housing sector was relatively neglected in the early days of the welfare state and confined to the regulation of rental markets. One of the earliest pieces of housing legislation was the National Housing Act of 1954 following the establishment of the Ministry of Housing in 1953. In addition to overseeing the rental market, the new Department of National Housing also provided some limited assistance for housing schemes mostly for the upper middle and affluent classes. There was also limited assistance provided to the private sector through taxation and government assistance. But all these measures were confined to urban housing, mainly for middle and lower middle income earners (Marga Institute 1976). Housing was rarely considered to be an element of welfare politics, and the ceiling on residential ownership introduced in 1973 was perhaps the first indication that housing was included within the domain of social policy.

But in the absence of any pressures for national housing development and programmes of urban renewal, the housing sector remained peripheral and residual to policies of social and economic development. Government policy revolved around two objectives—welfare of tenants and protection of their rights as well as promoting investment in housing (Marga Institute 1976). The welfare aspects of housing policies were geared primarily towards alleviating hardships of the middle and low-income groups in the urban sector. Much of the housing legislation was based on the Rent Restriction Ordinance, 1942, introduced as a temporary wartime measure. This changed somewhat with the Five Year Plan (1972–76) and the inclusion of housing policy as a part of welfarist policy. This led to the passage of the Rent Act of 1972 which sought to eliminate landlordism and provide security of tenancy for rental properties.[15]

A key initiative of the 1970s was to promote housing investment and increase the housing stock through government subsidies to consumers and suppliers of housing. Although people were encouraged to build their own houses with government assistance, these initiatives, designed to improve the country's housing stock, failed to keep pace with demand arising from the increase of population. The main reason for the low priority accorded to the housing sector relates to the low rate of urbanisation in the country where the rural–urban structure has remained unchanged over several decades. About 24 per cent of the population lives in urban areas, and this too is concentrated in the large metropolis of Colombo (Van Horen and Pinnawala 2006). In comparisons with other Asian countries, Sri Lanka has not experienced levels of urbanisation prevalent elsewhere

in Asia. This partly accounts for the low priority accorded to housing sector in the welfare policy agenda of the late colonial state.

Housing was drawn more directly into the orbit of social welfare as a clearly identifiable policy area only under the post-1977 neo-liberal regimes, with the Million Houses Development Programme (MHDP) in 1983. This was a major initiative of R. Premadasa—the Prime Minister and the Minister for Housing and Construction—who took a softer approach to social welfare policy than his more conservative President, J.R. Jayawardene, the chief architect of neo-liberal policies in Sri Lanka. The MHDP which sought to provide low-cost housing in the urban and rural sector, however, was modelled in accordance with the government's social policy agenda built around market-oriented welfare and self-reliance.

Unlike the housing sector, the public utilities such as water, transport, electricity and sewerage were not limited by economic status and were treated as universal basic needs.[16] The strong equity elements that underpinned the public utility services, which formed part of the package of the social and economic reforms initiated by the reform-oriented coalition government of 1956–60, had strong claims for being regarded as a component element of the Sri Lankan welfare state. This stands in sharp contrast to the thinking in advanced industrial societies where the users of services in this sector are regarded as consumers rather than as welfare beneficiaries (Organisation for Economic Development, OECD, 1985). But, in the context of a developing country, these services associated with public utilities should rightly be regarded as belonging to a package of welfare services as they bear a strong equity element and a redistributive component. Regrettably, these expenditures are not identified as social expenditures in the National Accounts.

Transport, although normally treated as an aspect of economic policy, was regarded as an integral feature of colonial economic policy and geared to economic modernisation. The road transport services which rate among the highest density of roads in Asia (Van Horen and Pinnawala 2006) and the impressive network of state-managed rail services (started in 1867) were critical for the development of the lucrative colonial plantation economy (Munasinghe 2002). These policies which helped to develop an impressive transportation network and infrastructure also contained important social welfare policy overtones by providing, among other things, improved access to welfare services. Transport, however, emerged as a key feature of welfare politics, only with the nationalisation of road passenger services and a grant of a subsidy for transport (Alailima 1995).

Public Welfare or Social Care Services

Public welfare refers mainly to social services, directly managed by government and for providing social care type services for the needy, disadvantaged and vulnerable groups (for example, aged, disabled, handicapped children and youth, needy families, sick and injured). These services identified as personal or social care constitute a disparate category with amorphous boundaries and are variously referred to in the literature as care services, treatment programmes or information services (Rein 1970). These services are 'personal' in the sense that they tend to be individualised and involve a relationship between the provider and the beneficiary of the service. But in the case of Sri Lanka, barring the child welfare sector, these services have been only minimally provided in the public welfare sector. This was mainly because as in other developing countries with agrarian socio-economic structures, these services are customarily provided by the informal system of family and kin networks. Only in special circumstances were they subject to supplementation by acts of private charity and NGOs. Besides, where available, services provided by the NGOs tend to be urban based and custodial in character.

Public welfare services often fell within the jurisdiction of more than one government department, but as a rule the statutory responsibilities came mainly within the jurisdiction of two main government departments—Social Services and Probation and Child Care. The Department of Social Services was established in 1948 on a recommendation from the Jennings Report (1947) and the Department of Probation and Child Care was established in 1959, following the Hamlin Report on Children's Services (Government of Ceylon 1957). Because the recipients of services offered by government departments tend to be devalued and stigmatised, public agencies needed to function as professional social welfare agencies, but failed to do so due to the lack of qualified staff[17] (for example, psychologists and social workers) able to cater to specific client needs. Even to this day, organised public sector welfare services have functioned mainly as non-professional regulatory agencies rather than being involved in direct service delivery.

One of the main functions of the Department of Social Services was to oversee the regulation and control of (*i*) provisions of services relating to the Poor Law Ordinance of 1939, (*ii*) social security schemes (for example, administration of the Workers Compensation Scheme since 1948) and (*iii*) a range of social care services (for example, services for the aged and infirmed, disabled and handicapped). The department was involved in service delivery to a limited extent in so far as it was responsible for making

relief payments to designated groups (for example, those suffering with tuberculosis and leprosy, widows, aged and disaster relief). The department, in addition to providing a centralised administration for the various services, operated mainly through regional divisions. The limited nature of public provisions for income maintenance was by and large confined to the mainly urban-based wage-earning sector.

But a large proportion of the population, especially the rural peasants, who are self-employed, were ineligible for most of the benefits available from the Department of Social Services as these involved the strict application of the employer liability principle (in compensation claims). The means tested non-contributory social assistance programmes existed only to provide a Poor Law type of relief for limited categories of persons. The role of the state in this regard has remained that of a reluctant caretaker exercising regulation and control and also in providing relief in emergencies.

Following the recommendations of the Hamlin Report welfare services for children and young people came within the purview of the Department of Probation and Child Care, which had the responsibility for administering social legislation and cognate programmes and services relating to the

1. Children and Younger Persons Ordinance (1939),
2. Vagrants Ordinance (1947),
3. Orphanages Ordinance (1941),
4. Employment of Women, Young Persons and Childrens Act (1956) and
5. Adoption Ordinance (1941, amended in 1971).

The care and protection of children arising from statutory provisions are embodied in over 50 statutes and include provisions for custodial care and forms of support in cash and services. However, the implementation of these statutory provisions with appropriate programmes and services leaves much to be desired. Much of this extensive legislation is modelled on, or, if not an exact replica of, similar British social legislation (Midgley 1984a) which provides for the care and protection of children in institutions as well as the treatment and rehabilitative functions such as those arising from the administration of the juvenile justice schemes (Jayasuriya et al. 1985). The Department of Probation and Child Care has, since 1975, also had responsibility for supervising pre-school services (for example, crèches and early childhood education programmes in the urban and

rural sectors) and assisting voluntary organisations in children's services such as crèches.

Considering that there are very few instances of 'free standing services' for special groups—such as the physically disabled, the blind and deaf or the aged—in need of care and rehabilitation, the voluntary sector (NGOs) has played an important role in providing these services. This was well acknowledged by the government with the establishment of a Central Advisory Council on Social Services in 1946.[18] However, legislative provisions to ensure the accountability of the voluntary sector were not available until the 1980s with the passing of the Voluntary Social Service Organization Act (No. 3). These provisions were also applied to service providers in the social care services, by requiring the registration of all NGOs seeking access to public funds or by channelling foreign aid or international agencies.

Despite the active role played by the social service movement in promoting social reforms, which, as noted in Chapter 5, was closely linked to the nationalist movement of the 1920s against colonial rule, the voluntary organisations have rarely taken an explicit advocacy role on behalf of disadvantaged and powerless groups. For instance, as a rule, they have been reluctant to act counter to the self-interests of the membership of these organisations drawn largely from the affluent middle class and religious bodies. A notable example of this is found in the complacent attitude of the Sri Lankan middle class to child labour, child cruelty and child domestic servants. No significant inroads were made into this problem despite the existence of social legislation designed to regulate these social practices and the good intentions and generosity of voluntary workers (Gunasekera 1993). As a result, private charity often tended to legitimise social practices such as child labour (L. Jayasuriya 1968b). This incidentally stands in sharp contrast to the campaign against unfair labour laws waged by the Social Service League in 1915, and later by the Ceylon Workers Welfare League in 1919 (Jayawardena 1972).

It is noteworthy that given the predominantly rural nature of the population, nearly all aspects of welfare in the rural and estate areas compared to the urban sector were relatively poorly serviced. With regard to the delivery of social care services, the rural and estate sectors are hardly different from one another except for the fact that the rural areas have been served to a limited extent by local government institutions and rural-based NGOs such as RDSs and the Sarvodaya movement (Goulet 1981). Local authorities at the village level, elected village councils, are also responsible for providing basic public utilities such as roads, water and,

to a lesser extent, social welfare amenities which might include facilities such as maternity and child welfare clinics. Sometimes these local government institutions did cooperate with rural development societies in providing public and social utilities and supportive services for state-based services (such as acting as a mechanism for distributing relief). But, on the whole, social care services for those in the rural and estate sector had to depend almost totally on the family and kin networks in catering to a variety of personal and communal needs regarding care and support.

By contrast, in the urban centres, local government plays a more direct, though still limited, role in the provision of welfare services for the needy, disabled or indigent. This stems from the 1939 Poor Law Ordinance which made provision for the extension of welfare services to local government. This was available in practice, only to the Municipalities of Colombo, Kandy and Galle. The services provided were:

1. Relief for orphans and children and those otherwise unable to maintain themselves;
2. Erection and maintenance of school buildings and orphanages;
3. Establishing and maintaining institutions for poor persons; and
4. Assistance to voluntary organisations.

Referring to these welfare provisions, the Jennings Report observed that 'we are ... in the curious position of having a poor law in Colombo, Kandy and Galle and no poor law elsewhere' (Jennings Report 1947: 22), and this remains much the same to this date.

Poor Law provisions in the capital city of Colombo are administered by the Charity Commissioner's Department of the Colombo Municipal Council which has a broad mandate to implement annually a scheme for the relief of poverty. This department is divided into two sectors: a public assistance programme for poor relief by cash benefits for those in need, and the welfare services in the form of institutional care, notably homes for the aged, orphans and wards (that is, children in need of care and protection) and crèches. Although similar provisions apply in two other major cities—Kandy and Galle—poor relief measures and more general services to ameliorate the extreme effects of poverty remain the province of the Department of Social Services and to some extent, the organised voluntary sector which as we have argued, is, by and large, more urban than rural based in its operations (Jayasuriya et al. 1985).

However, the social care services that evolved in this period, catering to the needs of disadvantaged and vulnerable groups (for example, aged,

disabled, handicapped children and youth, needy families, sick and injured) were, as a rule, neglected as an aspect of public policy. They have continued to remain largely unchanged, and are, by and large, a patchwork of remedial services organised and maintained by the voluntary sector with some limited forms of state assistance. Unlike in advanced Western welfare states, there has been hardly any demand for collective intervention by the state. Here again, in the absence of well-equipped services provision in this broad area of public welfare, there was a heavy reliance on the informal system of family and kin networks.

The fact that the few services available, for example, for the aged and disabled, were located in the capital city of Colombo and other urban centres like Galle and Kandy, again underlines the urban bias of the welfare system. This also reflects the uneven pattern of social and economic development evident in Sri Lanka's 'skewed growth record and ensuring increased income inequality' (World Bank 2004: E iii) markedly favouring Colombo and adjacent districts. The needs of the non-wage-earning sector, the predominantly rural population, which constitutes the bulk of the population remained totally neglected by the formal and informal welfare sectors. While the state may assist with emergency care and assistance, the main social responsibility continued to be with family and kin networks.

Social security and income maintenance programmes for the poor (urban and rural) was to be achieved mainly through income transfers arising from universal social services such as free education and health care, subsidised transport and the food subsidy. For most of this period, the food subsidy, costing the government between nearly 15 and 20 per cent of all public expenditure, came to be rightly regarded as a significant income supplement (Alailima 1995). There were also several forms of social assistance and relief programmes such as drought and flood relief for those in rural areas and for the poor and needy, all of which were once again cast in the form of the New Poor Law in Britain during the early part of the 20th century (Evans 1978).

Overall, these social policies assured more equitable distribution of income and other resources as well as income support which were responsible for a reduction in the levels of poverty, especially consumption poverty—the lowest in South Asia. It is estimated that in the 1990s, the population below the poverty line was 22.7 per cent and the level of extreme poverty measured as people living on less than $1 a day was the lowest (6.6 per cent) among South Asian countries (World Bank 2004). But, at the same time, 50 per cent of households were poor in terms of nutritional

deficiencies and 24 per cent were at risk nutritionally (Government of Sri Lanka 2002; Van Horen and Pinnawala 2006). The 'co-existence of high levels of malnutrition with the ... high performance on other social indicators' [reveals] 'a mixed development outcome' (Gunatilleke 1999: 53). Besides, this had 'a critical implication for a poverty-reduction strategy [intended] to ensure that growth is not inequality enhancing' (World Bank 2004: 22).

The Welfare State: An Overview

Reflecting on this period as a whole, there is no doubt that it was only in the post-1956 period of independence that numerous social measures became consolidated as a welfare state. By any reckoning, Sri Lanka stands out as a unique example of a third world welfare state. It was:

> One of the first developing countries to provide free and universal health and education services to its citizens. Together with a commitment to gender equality, social mobilization and an extensive food subsidy, they constituted the pillars of the early Sri Lankan welfare state, which had strong roots in colonial era laws and programs. As a result of these policies, Sri Lanka had achieved, by the mid-1970s, rates of school enrolment, literacy, infant mortality and life expectancy far ahead of other low income countries and better than many middle income ones. (World Bank 2004: 1)

In many respects, the Sri Lankan social democratic state, both economically and politically, was an outgrowth of the colonial political economy of Sri Lanka. The modernisation process in Sri Lanka entered a new phase with the introduction of universal franchise and a competitive electoral system in the 1930s which signalled the beginnings of democratisation. This new political ethos of electoral politics enabled the influential English educated middle class élite to co-opt with progressive social and welfare reform measures, the mobilised urban working class and some sections of the rural sector, especially the rural middle class. It was these strategic politics of welfarism that enabled several Centre Left governments (1956–65) to consolidate the welfare state with wide-ranging universal social policies in the fields of health, education, public welfare and the public utilities such as road transport (Government of Ceylon 1963). The main features of the Sri Lankan welfare state which emerged, following

the consolidation of numerous social measures in the 1960s, may be summarised as follows:

1. Universalistic social policies in the fields of health, education, public welfare and the public utilities, including transport;
2. An income redistributive rationale, including subsidised food as an income supplement, accounting for a high percentage of social expenditure relative to GDP (approximately 10–12 per cent of GDP);
3. A social assistance model of social security and income maintenance;
4. A limited system of 'personal social services', heavily reliant on private charity, benevolence and non-professional human services;
5. A pronounced urban bias in the delivery of most welfare services and benefits; and
6. A package of compensatory rural policies.

Despite its compensatory policies of pronounced urban bias in the delivery of most welfare services and benefits, the Sri Lankan welfare system favoured the urban middle class. This was clearly evident in the notable absence of a universal scheme of social security or income maintenance programmes and services which were characteristic of welfare state systems elsewhere. Thus, social care services were structured primarily as social assistance programmes, for identifiable target groups such as the aged, disabled or needy families and unemployed.

The guiding rationale of this system of collective action for welfare was one of distributional equity achieved in terms of funding and resource allocation for universal welfare programmes and services. This rationale of distributive equity was clearly apparent in the funding associated with universalistic models of welfare service delivery that required a high percentage of social expenditure relative to GDP of approximately 10–12 per cent during the 1960s and 1970s. This form of funding and resource allocation was made economically viable mainly because of the financial surplus appropriated from the prosperous plantation sector of the colonial economy (Snodgrass 1966).

The welfare politics that prevailed from 1956 to 1977 that had such a dominant and pervasive influence on all aspects of public life, importantly, became enmeshed in the new generation of nationalist politics clearly evident in the youth movements of the 1970s and also the ethnic conflict.

These social movements were clearly linked to the 'crisis of the welfare state' in the early 1970s, and the electoral politics of this period mirrored these influences (see Chapter 8). The socio-political climate of this period was markedly influenced by the new breed of cultural nationalists, most of whom were drawn from the alienated, powerless, socially disenfranchised segment of society. It was a matter of political convenience that these social forces should become allied with the organised working class in endeavouring to sustain welfare politics and defend the welfare state.

In striving for a greater measure of distributional equity, competitive electoral politics of this era (1956–77) has became conflated with the emerging social movements of Sinhalese and Tamil nationalism. And this is critical to understanding the complex socio-political dynamics of the ongoing ethnic conflict that has dominated Sri Lankan society. Central to this analysis is to recognise that minority politics was intimately associated with the politics of welfare which in the post-1956 era included a package of welfare policies specially targeted on the rural sector, including predominantly Tamil regional areas. These rural policies included liberal credit facilities, land reform measures and rural amenities, including housing, all of which were beneficial to large sections of the rural peasantry as a whole.

It was this welfare policy strategy of an integrated package of economic and social policies that helped to consolidate the Sri Lankan welfare state within an institutional framework regionally and sectorally. The rural centred policies including land reform, especially those relating to regulating landlord–tenant relations in the 1960s and 1970s, following the Paddy Lands Act of 1958,[19] were also intended as a trade-off to offset the urban bias of welfare policies towards the urban sector by ensuring that the main beneficiaries of these rural policies were:

> [T]he new wealthy groups in village organisations [who were able to] deploy capital more effectively than others to maximise returns in agricultural operations ... [and exert] influence on the performance of all village level organisation. (ARTI 1975)

This rural policy scenario—economic and social—was especially important for the Tamil people, in particular for the predominantly rural population in the Jaffna peninsula. Economically, this region, regarded as the 'homeland' of the Tamil people was heavily dependent on the production of 'minor food crops, including bananas, tobacco, vegetables, potatoes, onions, chilies and fruit' (Moore 1985: 108) as the main source of their livelihood. The Tamil people, as a whole, not just those in rural areas,

welcomed these rural policies as they offered some monetary compensation for the economic losses they suffered by becoming less competitive in the labour market as a result of changes in education policies. This was chiefly because the representation of the Tamils in the professions and the public sector had 'always been proportionately higher than their demographic size' (Tambiah 1986: 78). The Tamil people had, in fact, come to regard the public sector employment with a sense of proprietary right, as their main source employment. This ceased abruptly to be the case when, as a result of the educational reforms in the post-1956 era (language policies as well as other policies such as district quota admissions to universities, standardisation of marks, and so on), they could not gain ready access to employment in the public sector and the professions.

Alluding to the significance of the adverse impact of social and economic policies of the 1960s and 1970s for the Tamil people, Moore makes the perceptive comment that 'it is the Jaffna Tamils who have borne the material brunt [of] the "Sinhalisation" of the state in both symbolic and material terms' (1985: 196). In this context, the economic benefits the Tamil people derived from the rural social policies introduced in the 1960s as a policy offset for their economic losses in the labour market were dramatically withdrawn when all import controls were removed as a result of the liberalisation policies introduced in 1977, which importantly included the removal of agricultural subsidies. Thus, with the fall in the price of minor food crops, agricultural production in the Jaffna district fell sharply and caused severe hardship. This dislocation, social and economic, was no doubt a key factor in the rupturing of the ethnic accommodation that had existed for much of the late colonial state (Gunasinghe 1984). The glue for this consensus had been provided by the Sri Lankan welfare state and its rationale of distributive justice.

The welfare politics of the late colonial state was built on the basis of the political alliance of nationalists and the radical Left, and had endeavoured to combine nationally the interests of the peasant rural sector and the urban working class. It was this powerful alliance of interest groups which had helped to consolidate the Sri Lanka welfare state in the 1960s. A major fallout from the crisis of the welfare state of the 1970s and 1980s, fuelled by the fiscal crisis of the 1970s, created a disjunction between welfare politics and minority groups, arising from the civil unrest in the 1980s. It was this complex scenario that was destined to signal a shift from welfare to warfare, which underpinned the paradigmatic policy change driven by neo-liberal governments of the post-1977 era.

Conclusion

There is no doubt that the social and political institutions of Sri Lanka, including the welfare state of the 1960s, lie firmly anchored to the social and political ideology of British colonialism such that:

> [E]ach institution, whether education, the law, parliament, national and local administration, was transplanted from Britain and depended for its entrenchment on the grafting of British culture and traditions upon the aristocracy and upper middle class. (Jupp 1978: 219)

The Sri Lankan welfare state, as it evolved from early to late colonialism, reflects the ideological influences from Bentham and J.S. Mill through to Keynes, Beveridge and the Fabian socialist style collectivism. These ideas were clearly in the forefront among the Western educated élite, the local bourgeoisie, who were largely responsible for social policy initiatives in the late colonial state 1931–70. However, for some of these élite groups, it was more a matter of strategic political and pragmatic convenience to promote measures for greater equity and justice, than a question of being ideologically driven.

James Manor (1989), in his biography of S.W.R.D. Bandaranaike—one of the leading Sri Lankan politicians of this period—underlines this neatly when he states that 'Ceylonese Ministers during the post-independence period of welfarism were not philosophically committed to redistribution of wealth [but served as] paternalistic public benefactors' (Manor 1989: 195). The conservative politicians who were members of the political élite negotiated the transfer of political power from Britain to an independent Sri Lankan government in 1948, and were, somewhat ironically, the strongest advocates of the growing radicalism, manifest as welfarism.

The policies pursued by the Sri Lankan governments of the post-independence era were driven largely by the need to 'ward off attacks from the Marxist Left' (Manor 1989: 177). This was merely a political strategy of convenience, a way of using redistributive objectives of welfare policies to their political advantage by accommodating the interests of the politically disfranchised, the urbanised working class and rural peasantry. On the other hand, the leaders of the political Left in Sri Lanka were more ideologically predisposed to pursue equity and justice. This was well revealed in the approach of a leading Marxist politician's response (Perera 1944) to the proposal for free education as against that of the conservative Minister (C.W.W. Kannangara) who was its chief architect.

The introduction of free education, along with universal compulsory schooling, contributing to increased social mobility, created a new educated class, a bilingual intelligentsia, who were destined to compete with the old political élite in the post-colonial era. This ranks as perhaps the most important determinant of social change in Sri Lanka in the latter part of the 20th century.

The 'alliance politics', of the nationalists and the Left, in the 1950s and 1960s, (1956–65), guided by the 'old élite' used the package of welfare policies—urban and rural welfare measures—strategically to gain political ascendancy in the heyday of welfare politics (Uyangoda 1999). Undoubtedly, the Centre Left parties and the radical Left proved adept in using 'alliance politics' to gain political advantage by espousing welfare statist policies. Thus, the working class, mostly urban centered, Left wing political parties who had a strong ideological commitment to progressive social reforms, as well as a strong commitment to the public sector in a mixed economy, combined with other less progressive groups (for example, those who represented the rural middle class interests) to enhance their dominance via the welfare state. Accordingly, as some have argued (Lakshman 1989), the capitalist economic regime of late colonialism had to be tempered by welfarist politics to keep the masses quiet and avoid a revolutionary struggle. This, of course, is a contested point of view as it articulates a pluralist model of conceptualising social change and political outcomes as a matter of competition and accommodation between powerful interest groups.

In charting the evolution of social policy and the welfare state in Sri Lanka, we can identify three distinctive features of British colonial legacy. First, the impact of the ideological milieu of British colonial policies in shaping the understanding of welfare policies as well as the world view of colonial administrators and local political élites.[20] The late colonial state of the 20th century was especially influenced by the ideas of social liberalism and early Fabianism, particularly as it related to notions of modernity and development. One of the key features of the late colonial state was that of the Sri Lankan polity becoming largely an agency of social development.[21]

This 'welfarist' understanding of the purposes of government, an egalitarian liberalism, had a continuing impact on the thinking of post-independence governments of all political hues in the first two decades. Ideologically, it was committed to welfare as a means of achieving a measure of distributive justice, in particular, ameliorating poverty, and maintaining—if not enhancing—the productive capacity of the nation.

As in other Western welfare states, one of the political purposes of the Sri Lankan welfare state was that the social services (for example, health, education and nutrition) did not constitute a 'residual function of government' (Rein 1970) and be regarded as a burden carried by the productive sector of society.

Second, one of the key determinants of social development was the bold decision of the colonial government in 1931 to make Sri Lanka a model colony by granting universal franchise and initiating limited indirect rule with a semi-autonomous form of government. This novel form of governance which included an unelected colonial executive was more open to political contestation because of the restraints imposed on the exercise of executive authority limiting its legitimacy. Social policy development was clearly the product of the complex interplay of factors relating to the partial democratisation of the state and the search for some degree of political legitimacy. There was, therefore, a clear legitimising function to the welfare policies of the pre-1977 period, namely, the need to mitigate the adverse consequences of capitalist expansion in a dependent colonial economy.

Stated differently, in the wider context of Sri Lankan politics, the package of welfare policies may be seen as a means of compensating the urban and rural middle classes from the resources generated by the lucrative plantation sector. There is no doubt that welfare policies also had other political objectives in Sri Lanka such as patronage disbursement in clientalist politics (Jayantha 1992), minimising the tensions created by slow growth, expanding population and increasing poverty, as well as to gain electoral advantage by policies promoting a measure of greater equality and increased social mobility. Aspects of this unfolding political dynamic, stoked by the weakening embers of the late colonial state, were markedly evident during the first two decades of independence (1948–70) and contributed to the rise and eventual dismantling of the welfare state in the post-colonial era.

Third, the relative autonomy of the late colonial state was reflected in the growth of a vibrant civil society, which, as in India, was 'a public sphere constituted through patriarchal discourses' (Srivastava 1998: 2). As in the developed countries of the West, the civil society has been critical to the development of the Sri Lankan welfare state, particularly in enabling the broadening of citizenship status to include social rights (Boje 1996). Inevitably, these influences from the 'civil society' put considerable pressure on the state to expand its social commitments dramatically in the first two decades of independence enabling it to move from a piecemeal

'welfarism' to an integrated welfare state, an exceptional institutional structure for a 'developing society'.

The crisis of the welfare state and the collapse of the Westminster style political institutions in the 1970s was characterised by two salient features of this era. One was the fracturing of the social justice rationale of the welfare state policies which included a greater degree of social mobility, distributive justice and equity evident in the fall of income inequality. The other was the sense of alienation, social and cultural, felt by the disempowered indigenous élite (for example, the failed youth insurrection of the 1970s) and the Tamil minority community. These characteristics highlight the deepening crisis of the welfare state and liberal democracy in the last two decades which brought to the fore the contradictions and tensions of a complex, diverse and plural society enmeshed in 'two cultures' and 'two societies' (L. Jayasuriya 2003). The two cultures—that of the Westernised and traditional or indigenous—with cross-cutting linkages to all other social divisions, ethnic, cultural and regional, is probably one of the lasting legacies of British colonial rule. These 'two cultures' are now confounded with the 'two societies', a legacy partly of neo-liberalism and a declining welfare state, which has led to a sharp differentiation between the haves and the have-nots, the affluent rich and mendicant poor, capital and labour.

These dramatic social changes that characterised the dying days of the late colonial state (1970–77) foreshadowed the transformation of the Sri Lankan polity from welfare to warfare alongside a new political culture that emerged in 1977 with a new political regime. This was constitutive of the post-colonial state which was framed within a culture of an illiberal politics, economic liberalism and the dominance of ethnic identity politics over the welfare politics of the earlier era. Although this political ethos was modified to some extent since 1994 by Centre Left governments (1994–2001; 2004) and a moderate conservative government (2001–04), much uncertainty continues to surround the Sri Lankan polity bedevilled by an intransigent ethnic conflict and confronting the 'real politics' of globalisation and the 'new politics' of 9/11.

Notes

1. The Westminster model—'the majority way, the minority say'—works satisfactorily only where there is a strong party system divided on political and economic issues. This certainly was not true of Sri Lanka where parties have tended to be divided more in

terms of sectarian interests, for example, religion and ethnic lines. This was a key factor in the rejection of the Westminster model in the 1978 constitution of the Second Republic (Wilson 1980).

2. See Government of Ceylon (1963) for a succinct account of the complex array of social and economic policies that constituted the Sri Lankan welfare state at its peak.
3. The Finance Minister of the first independent government, who was later destined to be the first President of Sri Lanka as a Republic, the late Mr J.R. Jayawardene, claimed in 1948 that 'free Ceylon may justly and proudly call itself a social service state' (quoted in R. Pieris 1977: 25).
4. Approximately 5 per cent of GDP was spent on education and this compares favourably with many advanced Western industrial countries. For details of educational reforms see J.E. Jayasuriya (1969).
5. See Buddhist Committee of Inquiry (1956) on the disadvantageous position of Buddhism, the religion of the majority, as regards educational opportunities in the system of schools. See also C.R. de Silva (1979). As a result, all schools, except a few, were vested in the Ministry of Education. As a consequence, the role of private organisation in education was marginalised.
6. In 1958, the Tamil Language Special Act accorded the Tamil language a nominal status by permitting its limited use in the northern and eastern provinces. See K.M. de Silva (1993) for a good overview of the politics of language policy.
7. A notable example is the plantation sector, consisting mainly of Indian Tamil labour which has been denied the benefits of egalitarian educational policies, largely because of their anomalous citizenship status (Kodikara 1965).
8. World Bank (1998) provides a succinct summary of Sri Lanka's impressive record in health outcomes which were mainly due to the policies in the heyday of welfarism and consolidated under the welfare state of the 1950s and 1960s. See Anand and Kanbur (1991) for statistics on the health sector.
9. *The Economy of Sri Lanka* by Sir Ivor Jennings (Jennings 1948) was in fact based mainly on the information collected by the author in the course of his work on the Report of Commission on Social Services.
10. The Seers Report (1971) provides a concise outline of the social security provisions of the Sri Lankan Welfare State in the 1960s and 1970s, and also summarises the Draft Social Insurance Bill recommended by the Thiruchelvam Committee Report of 1969.
11. Gaminiratne (2004) and Karunaratne and Goswani (2002) provide an extended discussion and evaluation of these social insurance schemes.
12. It is only recently that with the establishment of the National Council of Elders in 2000 that there has been some effort to address the inadequacies in the care of the aged. See Gaminiratne (2004) for a useful review of welfare for the aged.
13. Whereas there was a high child dependence ratio in the second half of the 20th century—over 50 per cent—the old age dependency ratio, currently around 15 per cent, is expected to increase over a 100 per cent within two decades, so much so that by the middle of this century the old age dependence ratio will be as high as 48 per cent (Sanderatne 2000).
14. See L. Jayasuriya (1971) for a review of these labour welfare measures; also Seers (1971).

15. Rent Restriction Ordinance of 1942 and the Rent Act of 1948 which went through several amendments before radical changes were introduced by the 1972 Act to limit landlordism (Marga Institute 1976).
16. After 1977, this changed with privatisation of energy, for example, electricity and water.
17. Psychology was not recognised as an independent field of academic or professional study until very recently. Limited social work training was available only at a private institute, which was later brought under the supervision of the Department of Social Services in 1964 (Younghusband 1972).
18. One of the earliest surveys of the NGOs was carried out by C.H.S. Jayawardene (1964) at the request of the Central Council of Social Services. For a more recent survey, see the Report of the Ministry of Planning and Implementation (1984).
19. See Singh (1989) for a succinct account of land reforms of the late colonial state.
20. One cannot 'understand adequately the view of those who write about social welfare policy without also taking account of their social values as well as their social and political ideas' (George and Wilding 1976: 7).
21. See Foreign and Commonwealth Office (1971).

PART **THREE**

The End of an Era and Reframing Welfarism

8

Retreat from the Welfare State

Economic growth cannot sensibly be treated as an end in itself.
—Amartya Sen (1999)

Introduction

The social democratic state that evolved in Sri Lanka during the late colonial state (1931–77) was not merely committed to liberal political institutions of the rule of law—a Westminster style constitutional government—but also one notably committed to the pursuit of the welfare objectives of achieving a greater measure of equity and fair treatment of all persons. With its strong emphasis on social development, as noted previously, Sri Lanka, as a third world country, stood out as an exception to the general pattern of minimising or subordinating the social sector to the priorities of economic growth such as capital formation through savings and financial incentives for entrepreneurs. Though fashioned and structured as a mixed capitalist economy, development planning in Sri Lanka[1] during the late colonial state for electoral and ideological reasons was dominated by the politics of welfare which favoured state intervention through an increased allocation of resources to the social sector.

The high level of social expenditure in the post-independence era, averaging around 9–10 per cent of GDP, and committed to a policy of 'redistribution with growth' (Chenery et al. 1974), however, began to change in the late 1970s (Sanderatne 2000). This was due to a dramatic fall in the rate of growth of the economy from 4.8 per cent in 1965–69 to 2.7 per cent in 1973–75, including a current account deficit running at

nearly 4 per cent of GDP (Gunatilleke 1993). Interestingly, these characteristics signifying stagflation, large-scale unemployment and fiscal crisis of the state and fracturing of Keynesian forms of intervention were also evident in advanced industrialised countries (Mishra 1984; Offe 1984; Yeatman 1990).[2] But in the case of Sri Lanka, it would seem 'the fiscal burdens of a humane pattern of development came home to roost' (Herring 1980) only when foreign exchange reserves were depleted in the 1970s and terms of trade became unfavourable. As a result, we witness the emergence (1970–77) of 'a control regime, or one of *dirigisme* [with] the widespread unitization of direct state controls in ... economic spheres [such as] imports, foreign exchange ... and articles of mass consumption' (Lakshman 1989: 115).

We review in this chapter the new directions of social policy which followed the crisis of the welfare state in the 1970s and eventually leading to the dissolution of the social democratic state. These changes, however, were formalised only with the regime change that came with a conservative government (1977–94) committed to pursuing a neo-liberal political ideology involving political and economic liberalisation. In addition to examining the key social policy changes that occurred during this period which also marks, as suggested in Chapter 1, the beginning of the post-colonial state (1977–94), we attempt to provide an overall assessment of the Sri Lankan experience with the welfare policies of the post-independence era.

The Decline of the Welfare State

The decline of social democracy and the welfare state, ironically begun in the period 1970–77 by a Centre Left coalition government (Alailima and Sanderatne 1997), was hastened by the advent of a Centre Right government in 1977 destined to make a break with the social and political climate of the post-independence era. The new regime driven by the neo-liberal ideology modelled on the Reagan (USA) and Thatcher (UK) administrations transformed the political system with a new constitution which introduced an Executive President style of government modelled on the Fifth French Republic (L. Jayasuriya 2005). The concentration of power in an Executive President created a monolithic authoritarian structure of government, *a Bonapartist State*, whose prime objective was to facilitate market-driven economic growth (Coomaraswamy 1984).

This neo-liberal policy package of liberalisation was 'not just an economic package along the lines of neo-liberal orthodoxy' (Dunham and Jayasuriya 2003: 7) but one with a distinct political component, an institutional framework to provide for ease of 'decisional mobility' (Coomaraswamy 1984). The effectiveness of the new policy ethos of economic and political liberalisation was most apparent in the government's responses to civil disorder arising from the youth revolt and escalating ethnic conflict which incidentally, as we shall see, was not unrelated to the decline of the welfare state.

The regime change in 1977 served to highlight two distinct related factors: economic liberalisation and civil disorder resulting from the youth and ethnic conflict of the 1970s. First and foremost, the new regime was committed to promoting neo-liberal policies of economic liberalisation and hostile to state welfare. This conservative political ideology of neo-liberalism, to a large extent inspired by the dictates of international aid agencies, was firmly committed 'to promoting economic growth by eliminating the then existing excessive policy bias to redistribution' (Lakshman 1989: 127).

This developmental policy strategy was in accord with the orthodoxy of the SAP policy framework adopted by the World Bank and IMF which promoted the practice of a free market economy to maximise investment and encourage growth. Consequently, the Sri Lankan government was encouraged to alter the previous policy mix of welfare and growth in favour of one based on market-oriented growth and 'safety nets', all of which required a curtailment of public expenditure, and a channelling away from welfare objectives (Lakshman 1989, 1997). Interestingly, the basic features of the welfare state policies such as free health and education were retained but 'public expenditure on these were reduced, if not in nominal terms, in real terms' (Sanderatne 2000: 112). The dramatic changes introduced by the conservative regimes during the period 1977–94 created not only a sharp disjunction between economic and social policy, but also a new political culture.

Although the gravity of the crisis of welfarism in Sri Lanka became fully evident only after the introduction of the new policies of economic liberalisation in 1977, in fact its origins lay in the late colonial state (1971–77). During this time, a Centre Left government, ideologically committed to the welfare state, was forced to reduce social expenditure to address fiscal deficits (Jiggins 1976). Thus, for instance, in 1972, the food subsidy was means tested for the first time and the free rice ration was withdrawn from income taxpayers and dependants (approximately 10 per cent of

the population). Ironically, these conditional welfare measures, resulting in severe cuts to welfare expenditure were introduced by a Centre Left government which included left wing ministers who were mainly responsible for the consolidation of the welfare state in the 1960s. However, it was the conservative government of 1977 that seized upon the economic crisis of the 1970s to dismantle the welfare state and introduce a new political regime based on an export-led open economy.

Indeed, it was the architect of the economic and political policy package, J.R. Jayawardene, the first Executive President, who in one of his grand utterances decreed that his government was destined to 'let the robber barons in'; and so he did, committing the government to full-scale development with foreign aid and private capital. But it was somewhat ironic that Jayawardene, the main advocate of this new philosophy and architect of the new policy regime, who as first Minister of Finance of an independent Sri Lanka, justified expenditure of nearly 10 per cent of GDP on social services in 1948 by stating that welfare was not a means of creating wealth but a question of redistributing it from the haves to the have-nots!

While the argument that the growth debacle of the 1970s was mainly due to policies of welfarism and income redistribution remains highly contested, there is no doubt that it was a significant factor in generating the new economic climate of the post-1977 era (Osmani 1994). This, in turn, led to a dramatic shift in the philosophy and direction of welfare policies and signalled a shift from universalist interventionist policies and the adoption of a selectivist, targeted approach to welfare (Gunatilleke 1993; Kelegama 1992). This new political climate which advocated a welfare mix in preference to welfare state policies led to the commodification of the social 'goods' in relation to public utilities, social welfare, health care and education. This was reflected in a sharp reduction in the level of social expenditure with a fall from an average of 40 per cent of total government expenditure in the 1970–77 period to 11 per cent in 1981. The adverse consequences of this fall in expenditure were apparent in the low quality services in areas of health and education, particularly among the rural poor and estate sector.

Most of this reduction in social expenditure roughly from about 10 per cent of GDP in 1970–77 to 4 per cent in 1981 was mainly due to the almost complete withdrawal of the food subsidy, roughly 16 per cent of total expenditure falling to 1 per cent in 1981, and a reduction of consumer subsidies on sugar, flour and petroleum products. Initially, in 1978, the limited eligibility scheme reduced the beneficiaries of the food subsidy

scheme by 50 per cent, but this was subsequently curtailed by a fixed value food stamps scheme introduced in 1979. The reduction in the scope of the food subsidy scheme led to a sharp decline in the food intake of the four lowest expenditure deciles. Consequently, nearly 25 per cent of school children suffered from chronic malnutrition and 6 per cent from acute malnutrition (Alailima 1985). This only served to strengthen a residualist approach to public welfare, that is, as a safety net for the needy. In short, the crisis of the welfare state can be traced to the decline in the growth strategies that underpinned the economy following the economic boom of the 1950s (Jiggins 1976; Sanderatne 2000).

The social policy agenda of the post-colonial state (1977 onwards) introduced by conservative governments of 1977–94[3] was premised on an abandonment of an ideological commitment to a Keynesian form of state welfarism and a move towards the gradual dismantling of the social and political institutions and practices of the welfare state. This policy agenda was premised on rolling back the welfare state and installing a neo-liberal ideology of laissez faire growth. These policies of liberal capitalism sought to strengthen the practice of the free market economy to maximise investment—the main means of income and employment generation. This overall policy strategy invariably altered the policy mix of welfare and growth in favour of the growth and safety nets in accordance with the SAP mandate of funding agencies such as the World Bank. These international agencies as a rule required significant reductions in public expenditure on social welfare by encouraging private capital to deliver social services (for example, in education and health) and the adoption of residual welfare programmes such as the food stamp scheme.

The new orientation to social policy led to a significant move away from a policy ethos governed by state-based services and income redistribution to privatisation of services and maximising production and investment. The clear objective of the new policy agenda was to increase self-reliance as against welfare dependency. Inevitably, this increased privatisation of welfare by using the market as a mechanism for distributing services. It encouraged 'private sector participation ... in the health and education sectors [which] ... received direct support as well as some easing of restrictions affecting their activities' (Alailima 1997: 160). This trend was also markedly evident in relation to the public utilities, particularly transport, where, from 1978, private sector competition was encouraged alongside state-run road passenger services. This was subsequently followed by deregulation and privatisation of road transport in 1990–91 (Kelegama 1993, 1997).

The health care sector too witnessed a substantial degree of privatisation with the expansion of private medical services, following the removal of restrictions on private practice by doctors in the public sector and the deregulation of the pharmaceutical industry (A. de Silva 2004). There was also concurrently a 'major expansion in private nursing homes and facilities' (Alailima 1997: 161). In the field of education too, the public–private mix became diluted in favour of the private sector with the support given to the establishment of private schools (Government of Sri Lanka 1981), as well as the encouragement given to the establishment of a private medical school, perhaps the most visible example of this move towards privatisation of education (Rupasinghe 1985).

Another key feature of the new thinking about welfare was the move towards a selectivist form of welfare programming. This was evident in the new strategy for child welfare development advocated in the Report of the National Symposium on Changing Needs of Children (Dias 1981), which brought to the fore the need to develop a comprehensive child development policy consistent with societal goals and values while at the same time rationalising and coordinating the existing fragmented and overlapping programmes and services. But, perhaps, from a policy perspective, the most significant feature of this report was a radical proposal advocating a distinctly selectivist strategy for child welfare policy development. This new policy orientation focuses attention on the groups most at risk such as those in the rural sector, the low-income groups with poor nutritional levels, and on the need to redress the gross regional and sectoral inequalities, especially in relation to the estate sector.

Likewise, the poverty alleviation strategy[4] built around the food subsidy programme of free or concessional rice alongside access to universalist health and education services was replaced by a targeted welfare programme. This involved a food stamp scheme which took the form of a grant of direct subsidies to individuals as a cash transfer to low-income groups (Ministry of Planning and Implementation 1981). The use of 'cash benefits' in the form of vouchers or stamps as a means of targeting resources on designated groups (for example, those considered to be below a designated income level, the poverty yardstick) served as a model policy instrument. Despite these new policies in determining eligibility (that is, income less than Rs 300 per month per household), somewhat surprisingly by 1981, over half the population was estimated to be below the poverty line.

The residual/selectivist policy strategy of food stamps relying on the use of market mechanisms to meet basic needs such as food was expanded in 1989 to include an income transfer programme known as the *Janasaviya*

Scheme, meaning 'people's strength, peoples' capacity, or people's creativity' (Karunaratne 2000: 66). This poverty alleviation programme specially designed to facilitate the growth process was modified in 1995 by the Centre Left Government (1994–2001) to include a family allowance of Rs 2,500 per month to each family. A primary objective of this modified programme known as *Samurdhi* (meaning 'prosperity') was to provide material incentives to encourage personal betterment through self-reliant activities rather than welfare dependency. This *Samurdhi* programme costing 0.5 per cent of GDP in 2003 also sought through micro-level credit-based activities to improve the living standards of the poor and to ensure sustainable income levels with a cash grant by bringing them into the mainstream of development. This was, in short, basically an income transfer to the poor, targeting nearly 2 million households and covering over 40 per cent of the population (Wickramasinghe 2005). However, an evaluation of the programme in 2000 found that the programme 'misses about 40% of households from the poorest quintile' (World Bank 2004: 26). This led the conservative government of 2001–04 to enact legislation (the Welfare Benefit Act) to rationalise the selection of beneficiaries of the programme.

However, the addition of a skills development plan and increased welfare expenditure—contrary to the structural adjustment programme guidelines—was clearly intended to enhance the quality of life of the poor by the grant of financial assistance. An underlying objective was to assist social mobility by providing access, albeit highly limited, to the market rather than relying exclusively on education and enhanced employment opportunities that were the distinguishing features of the early welfare programmes. This form of welfare was clearly an indication that SAP had aggravated the condition of the poor who had previously relied on direct income transfers from a package of universal social policies (for example, food subsidies, health and education). This was a tacit acknowledgement of the failure of 'trickle down' as a means of poverty alleviation.

Although the targeting objective of the *Janasaviya/Samurdhi Scheme* was a fiscal measure designed 'to ensure the greatest economy of resources by withholding public support for less vulnerable groups' (Dreze and Sen 1989: 105), there is little evidence to justify the claim that the intention of targeting was 'to provide redistribution by concentrating public support exclusively on' (p. 105) the most disadvantaged groups. This new philosophy of welfare, including its strong entrepreneurial self-help rationale, was clearly non-redistributive. In summary, the new approach to welfare during the post-1977 period was marked by the following:

1. A significant reduction of social expenditure, including food subsidy;
2. The gradual abandonment of investment in universalistic social policies and programmes and the adoption of a selectivist residual strategy of welfare by targeting resources primarily on those in greatest need;
3. The departure from a redistributive justice strategy of income distribution;
4. The promotion of a welfare mix based on targeted privatised welfare, such as delivery of social services on a commercial basis; and
5. An increased emphasis on modernising the rural sector through social programmes such as rural housing and extending the electricity network.

The Sri Lankan Experience of Welfarism and Social Democracy

The Sri Lankan welfare state at its peak in the 1960s was a model social democracy based on a UK style welfare state transplanted in a developing country. In this context, the collapse of the welfare state and the dismantling of the social democratic state, post 1977, have to be understood and analysed within a broader historical perspective. In looking at the Sri Lankan welfare state experience, the first question that arises is: why did Sri Lanka pursue the course it did in developing a welfare state? Was it politically motivated, a planned process, an incremental policy of social reform, an ideological commitment to socialism or simply a result of the diffusion of ideas, the contagious demonstration effect of the British welfare state philosophy and liberal (social) political philosophy?

Whatever be the answers to these questions, it could be argued that the Sri Lankan welfare state, as it evolved in the late colonial state, particularly during the 1950s and 1960s, was an outcome of three major factors:

1. The grant of universal franchise and the political mobilisation of significant groups in a competitive electoral system;
2. The favourable economic conditions that created a significant surplus from the plantation sector; and

3. The ideological influence coming from a strong labour movement driven by Centre Left parties[5] committed to centralised planning, state control and distributive justice.

The evaluation of the Sri Lankan experiment on welfare, undertaken mainly by developmental economists,[6] has been confined largely to an aggregate analysis of the consequences of welfare policies on living standards and economic growth. Using a macro analysis approach to examine the data pertaining to growth, welfare and living standards, these studies have sought to assess the effectiveness of universalistic welfare policies by scrutinising a range of welfare indicators (for example, education levels, health status, mortality rates and fertility levels) as well as the impact of these welfare policies on economic growth. There is, in this regard, near unanimous agreement that Sri Lanka offers a unique example of a country with a very low per capita income that has improved its living standards overall to an extent greater than those attained by comparable countries. For instance:

> Sri Lanka's record of life expectancy, literacy and fertility (in relation to its low income level) is one of the best in the world. (World Bank 1980: 90)

However, there is some disagreement as to whether the Sri Lankan case is exceptional and, more importantly, whether the commitment to welfare retarded economic growth. The critics of the Sri Lankan developmental strategy maintain that (*i*) a growth-led strategy would have been more effective in improving living standards and (*ii*) welfare has retarded growth. In response to these criticisms, the World Bank (1980) noted that though Sri Lanka's GDP growth rate was below the low income average, Sri Lanka had performed no worse than other countries at its income level. They attribute this to the fact that Sri Lanka's population growth rate was well below that of average low-income countries. As a result, 'the growth of the GNP per person over the period 1960–77 at 2.0% was above the low income average of 1.4%' (World Bank 1980: 91).

The disagreements on this issue of welfare versus growth (for example, Sen 1981a *vs.* Bhalla 1988) are partly due to differences in methodology adopted by these analysts, and for this reason, Kelegama, for instance, argues that Bhalla's critical analysis of Sri Lanka's welfarism policies 'is defective from an econometric point of view' (Kelegama 1987: 3). He concludes by supporting Sen's (1981a) and Isenman's (1980) view that direct forms of welfare[7] have been singularly effective in improving living

standards. In the end, of course, this argument boils down to an ideological comparison of 'the relative virtues of a neo-liberal free market economy compared with interventionist welfarism' (Dunham and Jayasuriya 2000: 99). This only serves to highlight the complexities of the broader issues relating to the *welfare* and *growth* argument which are brought to the fore by the Sri Lankan developmental experience of the late colonial state, of growth with equity (Dunham and Jayasuriya 2000).

In a searching and definitive review of this controversy among development economists about the relation between welfare expenditure and growth, Osmani (1994: 389) persuasively argues for the 'complementarity between growth and welfare' and concludes that:

> [T]he general lesson that one can draw from Sri Lanka's experience is that even a poor country can bring about rapid improvements in the living standards of its people by adopting a judiciously designed welfarist strategy and further that the pursuit of rapid gains in this manner need not involve a conflict with growth and hence need not entail a loss of welfare in the long term. (Osmani 1994: 419)

However, without detracting from Osmani's (1994) analysis and conclusion that 'a truly impartial jury must return a verdict of not guilty' (1994: 35), on the question of whether welfare has hindered growth, in evaluating the Sri Lankan welfare experience, it is still important to ask who the beneficiaries of these policies were. It is clear from the available evidence based on data disaggregated by sectors and income groups that, despite a greater measure of equality in income distribution and an improvement in overall living standards, achieved as a result of welfarism, there still remain glaring inequalities, some of which are a direct outcome of the manner in which welfare policies were implemented, for example, regional inequalities (Lakshman 1997).

The inegalitarian nature of the development policies of the late colonial state were clearly revealed in the social upheavals of this period, in particular the youth revolt of 1971 which was confined to the Sinhalese youth.[8] These upheavals pointedly demonstrate some of the adverse consequences of these social policies and remain the most visible fallout from progressive welfare policies of this period. They were, also to a large measure, a direct consequence of the intractable economic problems resulting from sluggish economic growth, growing inflation and high incidence of unemployment, especially among educated rural youth. What had previously sustained the rural youth was a 'welfare system' which had enabled them to exist in relative poverty.

In general, however, the development strategies of post-independence (1948–70) which had welfarism as a key policy feature, while on the whole successful in redressing gross inequalities, tended to be 'skewed towards impoverished segments of the Sinhalese' (Rajasingham-Senanayake 1999: 119). At the same time, the socio-economic condition of the minority Tamil people was exacerbated by policies of discrimination in employment resulting from the government's language policy introduced in 1956 to make Sinhalese—the language of the majority—the official language of the country. Hitherto, the Tamil minority by virtue of their greater access to English education had enjoyed a distinct advantage in securing public sector employment which had been their main source of social mobility (Samaraweera 1977; Tambiah 1955).[9] The shift in language policy post 1956 not only denied the Tamil people one of their main sources of livelihood but also diminished the beneficial effects of other social policies and their citizenship status.

Minority tensions were further aggravated by the constitutional changes introduced in 1972 with a Republican Constitution characterised by some analysts as 'a major landmark of national disintegration' (Edirisinha and Selvakumaran 1999: 141). This was mainly because of 'the retraction of constitutional checks and balances [unleashed by] unmitigated majoritarian rule alienating the minorities, ethnic and political' (Uyangoda 1999: 116). These changes, leading to a unicameral Republic, served to create a 'legitimized dictatorship' of Parliament capable of a blatant misuse of political power in times of social unrest and economic uncertainty. The net result of these political changes was a maturing of the process of decolonisation begun during the pre-independence period eventually leading to the post-colonial state.

What is noteworthy, however, is that the grievances of the minority Tamils, which led to the Tamil protest movements of the 1970s, were mitigated to a large extent by the economic benefits the Tamil people gained from the rural social policies of agricultural subsidies and protection of the pre-1977 era. There is no doubt that welfare state policies of the late colonial state, guaranteeing access to health and educational resources as a matter of universal rights and entitlements, as well as the package of rural policies adopted by the 1970–77 Centre Left government, elicited a 'measure of responsive cooperation' (Rajasingham-Senanayake 1999: 118) from the Tamil community. It was this policy mix which helped to sustain the ethnic accommodation and solidarity that had existed during the late colonial state. Admittedly, this was class based as it was limited to the English educated Sinhalese and Tamil middle class, suggesting an élite accommodation.

However, the emergence of conservative governments (post 1997) in the post-colonial era witnessed the erosion of many of the beneficial effects of early welfarist policies which were greatly diminished for two main reasons: the liberalisation policies and the war economy resulting in a high defence expenditure, approximately 5–6 per cent of GDP by the late 1990s (Alailima 1984; Richardson 2004; Sanderatne 2000). At the same time, the resulting benefits from the open economy policies of economic liberalisation (1977–94) were unequally distributed among different segments of the Sri Lankan population when disaggregated by class, ethnicity, gender and regions (Alailima 1978, 1984).

Thus, for instance, one of the major shortcomings of the food stamp scheme referred to earlier was its adverse nutritional implications (Sahn 1987, 1988). This was mainly because the real value of the food stamps was drastically reduced due to inflation during the period 1978–88. It has been estimated, as previously noted, that approximately 5–10 per cent of children below 5 years suffer from acute malnutrition and this, in turn, has been linked with a high child mortality rate (45 deaths per 1000 children under 1 year of age). These nutritional deficiencies underline some of the inegalitarian outcomes of the post-1977 welfare policy agenda.

Perhaps the long-term social impact of this policy agenda was best seen in the overarching social dislocations of the post-1977 era marked by the twin conflict associated with the Sinhala youth insurrection (1989) and Tamil militancy (post 1983). Any analysis of these social dislocations has to go beyond historical and cultural considerations to include key socio-economic considerations associated with the welfare politics of this period (Abeyratne 2001). Thus, for instance, the revolt of the Sinhala youth shows that as a group they belong to the poorest segments of the population, in particular, the rural poor (Lee 1977). These segments of the population, socially marginalised and excluded, had seen little change in their overall status during the heyday of welfare politics and 'welfare democracy' as the existing inequalities did not decrease by the margins suggested by the data on income distribution (Alailima 1984).

But, unlike the Sinhala youth experience, the restructuring of public welfare policies in the era of economic liberalisation had a far-reaching detrimental impact on the Tamil youth who were also similarly confronted by the grim reality of disadvantage arising from unemployment and economic hardship.[10] By removing all import controls as a part of the policies of an open economy, the economic and social protection enjoyed by the rural farmers in the Tamil areas was withdrawn (Moore 1985). Given that there was no trade-off for this policy change or any compensation,

a major consequence of these policies was to destroy the fragile ethnic accommodation of the late colonial state.

The 'twin conflict' signified by the militant Sinhala and Tamil youth movements had a strong economic undertone as it was directly related to the regional inequalities of metropolitan/urban versus non-metropolitan/rural felt by both the Sinhalese and Tamil communities (Abeyratne 2001; Dunham and Jayasuriya 2000; Lakshman 1997). In the case of the minority Tamils, the transition to an open economy 'not only helped to bring the civil war about but also helped to sustain it' (Winslow and Woost 2004: 17) from 1983 onwards. For instance, the massive increase in defence expenditure, from a low of around 1 per cent GDP in the 1980s to roughly 5–6 per cent of GDP by the late 1990s had 'an overall adverse impact on the country's investment level' (Kelegama 2006: 131), as well as on the standard of living as measured by social indicators such as nutritional status and school enrolments. These social movements provide incontestable evidence that the crisis of the welfare state originating in the 1970s and leading to the policies of economic liberalisation in the post-1977 era has served to adversely affect the 'opportunity structure' of the Sinhala and Tamil youth (Hettige 2004).

In short, the ongoing civil war remains a visible consequence of the adverse socio-economic conditions facing the minority Tamils which were clearly not unrelated to the collapse of the welfare state (Richardson 2004). More importantly, given that liberalisation was both economic and political, the ethnic conflict has had far-reaching consequences for the political fate of liberal democratic principles and political institutions (Dunham and Jayasuriya 2003). The rejection of the welfare state ideology by the post-1977 governments, as previously noted, was importantly associated with a new political culture: an illiberal democracy modelled on a strong Executive, reminiscent of an authoritarian Bonapartist State. Ironically, this allowed for the pursuit of policies of statist intervention in the furtherance of economic liberalisation. This new political culture came to the fore in dealing with the youth insurrection of 1989 and showed a readiness to curtail liberty and freedom not just in achieving material benefits for the state but also in responding to social disruption and restoring social order.

The 'dismantling of democracy' which included serious breaches of human freedoms—a political culture characterised by infringements of the rule of law, the exercise of arbitrary executive authority, the politicisation of the judiciary and bureaucracy—was intensified after the race riots of 1983. This, not unexpectedly, centred on a powerful Executive willing

to condone the arbitrary exercise of power and violations of the rule of law (Manoharan 2006, Pinto-Jayawardene 2009). In justification of the denigration of democratic processes such as this denial of freedom and curtailment of liberty, neo-liberals maintained that:

> [W]hen an external enemy threatens, when rebellion or lawless violence has broken out, or a national catastrophe requires quick action by whatever means can be secured, powers of compulsory organisation which nobody normally possesses must be granted to somebody. (Hayek 1979: 124)

In considering the social and human consequences of these policies, several studies have shown that the poorest have not benefited as much as they should have because they did not have the purchasing power to obtain and retain a proportionate quality of these goods. By the middle of the 1980s, there was a growing body of evidence to suggest:

> [T]hat the benefits of reform were distributed unequally, heavily concentrated amongst the top 10% of all income receivers ... half a million out of a total employed population of about 5 million. There was also evidence of a deterioration of real incomes of the poorest deciles, and of reduced caloric intakes significantly depressing nutritional levels. (Dunham and Kelegama 1993: 13)

The main beneficiaries of both models of welfarism in Sri Lanka pre- and post-1977 have clearly been the middle-income segments, identified as the 'intermediate class'.[11] Kalecki's (1972) notion of the intermediate class helps to highlight the political dominance of an alliance of the lower middle class or petite bourgeoisie and richer peasants. This class fraction, in the Sri Lankan context comprises the urban middle class, made up mainly of professionals and public sector employees, the trading class and the rich peasants, who have benefited greatly from the compensatory package of rural policies. Interestingly, this consequence of welfarism in Sri Lanka is analogous to the middle class capture of the welfare state in Britain and Europe and warrants closer scrutiny (Le Grand 1982).

An inevitable policy consequence of economic liberalism and, in particular, the rejection of the welfare state ideology was the denigration of public intervention committed to the pursuit of social goals, especially social welfare objectives (Moore 1990). As suggested earlier, there is sufficient evidence to show that this era of neo-liberal, IMF promoted orthodoxy of laissez faire capitalism, despite accelerated economic growth and a fall in rates of unemployment, has been highly inegalitarian. Manifestly, the profound changes in all aspects of social life introduced by the

conservative regimes of 1977–94 have transformed the socio-political architecture of Sri Lankan society. The fracturing of the social justice rationale of the welfare state coupled with the replacement of Westminster-style political institutions, the escalating ethnic conflict, a virtual civil war and the cultural alienation of the disempowered indigenous élite have only sharpened the deep-seated social and political tensions surrounding the collapse of the politics of welfare. The return of a Centre Left coalition in 1994 did offer a modicum of hope to many that Sri Lanka 'may return to its democratic traditions and that terror, hate and war will no longer dominate politics' (Manor 1984: 6).

This Centre Left coalition government, despite its political rhetoric of 'structural adjustment with a human face', showed little evidence of wanting to reclaim a liberal democracy committed to the lost ideals of the earlier welfare state (L. Jayasuriya 1996). The failure of the Centre Left governments (of 1994–2001 and 2004 onwards) to enumerate an alternate social policy strategy to the neo-liberal policies of the post-1977 era is partly explained by the priority assigned to resolving the ethnic conflict. This was also true of the conservative government of 2001–04 which continued to enhance and strengthen the policies of economic liberalisation. As regards social policy, one of the main initiatives was the move to rationalise the safety-net welfare programme (Samurdhi) by attempting to ensure that a larger measure of assistance will be provided to the poorer households (World Bank 2004). In short, the welfare politics of the late colonial state have been overrun by the minority politics of the post-colonial state. These two subplots—minority politics and welfare politics—in fact, are not disconnected, and the future of the social democratic state may be determined by how effectively democracy and welfare are coordinated.

Conclusion

From the foregoing discussion, it is clearly evident that the advent of economic and political liberalisation post 1977 denotes a sharp break from the welfare statist model of social development characteristic of the late colonial state. The policy package of the post-colonial state (1977–94) was driven by economic, political and ideological imperatives clearly designed to 'revamp the country's economic and political landscape ... [and] reflected an underlying unity of purpose' (Dunham and Jayasuriya 2003: 8). The background to this new policy regime and the constitutive

political culture[12] is to be partly found in the collapse of the growth strategies of the late colonial state (heavily reliant on the surplus from the plantation sector) in the 1970s, which led to a fiscal crisis marked by growing budget deficits, drain on foreign exchange and high taxes. The political response of the Sri Lankan state to the crisis of the welfare state, partly engineered by international agencies such as the IMF and the World Bank, was to dismantle the welfare state as a means of dealing with fiscal deficits. The political culture that evolved in the post-1977 era was built on a Gaullist-type constitutional order generating a highly centralised Executive Presidential form of government, which not just dismantled the social and political institutional structure institutions of the late colonial state but also departed from the liberal political ideals of a political and social citizenship.

It was this new political culture which sought to restructure the institutional fabric in order to promote and sustain the new economic and social policies of liberalisation. The regime change of 1977, above all, threw into sharp relief the new orientations to social policy: the difference between a policy ethos committed to the redistribution of a healthy financial surplus towards a social objective and one directed towards enhancing marked potential by maximising production and investment, the main avenues of income and employment generation. In short, there was a sharp disjunction not only between economic and social policy but also in the whole new political ethos.

In fashioning social development, the governments of the 1977–94 era abandoned the universalistic social policies of the previous era in favour of a residualist welfare strategy directed primarily to relieving absolute poverty—those most in need. It also encouraged the delivery of welfare by the private sector and market-oriented safety net welfare programmes which were essentially a form of institutionalised charity. Interestingly, these safety net programmes were linked to growth and development as income transfers were not just a supplement to the consumption needs of the poor but also intended to support an increase in the economic capacity of the poor. In other words, the welfare state had been transformed into a welfare mix (Alcock and Craig 2001). This ethos of 'productivism and consumerism' (Giddens 1998) clearly demonstrates the philosophical difference between the earlier Keynesian institutional welfare system based on universal social rights and the residualist/selectivist welfare policies designed to make the poor less welfare dependent.

The deepening crisis of the welfare state and liberal democracy in the last two decades (1990 onwards), aggravated by the civil war and the high

defence expenditure, approximately 5–6 per cent of GDP, has exposed the contradictions and tensions of a nation enmeshed in 'two cultures', and 'two societies'. The two cultures—that of the westernised and the traditional or indigenous—with cross-cutting linkages to all other social divisions, ethnic, cultural and regional, is probably one of the lasting legacies of British colonial rule. These 'two cultures' are now confounded with the 'two societies', a legacy partly of neo-liberalism and a declining welfare state, which has led to a sharp differentiation between the haves and the have-nots, the affluent rich and mendicant poor, capital and labour.

These dramatic social changes have witnessed the transformation of the Sri Lankan polity from welfare to warfare alongside a new political culture in the post-colonial era. The post-colonial state which emerged in the post-1977 era was framed within a culture of illiberal politics (1977–94), economic liberalism and the dominance of ethnic identity politics over the welfare politics of the earlier era. Although the negation of the cherished values of a liberal political order were modified to some extent by the 'soft' Centre Right and Centre Left governments post-1994, they did not eventuate in the restoration of the earlier forms of a liberal political culture and social democracy. Much uncertainty continues to surround the Sri Lankan polity in the context of globalisation and the 'new politics' of 9/11, but there still remains the prospect that Sri Lanka may continue its historic engagement with a distinctive form of social and political development adapted to the globalism of the 21st century.

Notes

1. See Gunatilleke (1999) for an account of the different phases of development planning.
2. See K. Jayasuriya (2001) for a contextualisation of the Sri Lankan experience against the development crisis experienced elsewhere following the collapse of the growth with equity philosophy of the second development decade of the 1970s.
3. Anand and Kambur (1989) provide a succinct overview of the social policy changes made in the post-1977 period; see also Alailima (1997) and Sanderatne (2000).
4. See Wickramasinghe (2005) for an informative and succinct overview of Sri Lanka's experience with respect to poverty alleviation; also Alailima and Sanderatne (1997) and Lakshman (1997).
5. Moore (1985) rightly comments that the Left parties, as members of the reformist coalition government of the 1960s and 1970s, played a 'vanguard role' in the establishment and maintenance of the Sri Lankan welfare state. See also Chapter 7.
6. See Osmani (1994) for a critique of the literature on the Sri Lankan development experience bearing on social development.

7. Development economists use the terms direct assistance (welfare-oriented) versus indirect assistance (growth oriented) to characterise the policy orientations of the pre- and post-1977 welfare regimes, respectively. The latter was advocated by the international agencies in pursuing policies of structural adjustment policies (SAP).
8. See Halliday (1971), Kearney (1980), Moore (1993) and Hettige and Mayer (2002).
9. By the late 1950s, nearly three-fourths of those seeking admission to the Faculties of Science and Medicine came from Jaffna schools which had a strong bias for science teaching (L. Jayasuriya 1968a).
10. See Manoharan (2006) for a succinct overview of the Tamil ethnic conflict; also Uyangoda (2007), Gamage and Watson (1999) and Wilson (1988).
11. Hence, in this context, the question arises as to whether the Sri Lankan welfare state of the pre-1977 period may be regarded as an 'intermediate regime' defined as the 'rule of the lower middle class through state capitalism' (Skouras 1978: 631). See also Shastri (1983) and K. Jayasuriya (1981).
12. Dunham and Jayasuriya (2003), in their critique of the neo-liberal policy package of the post-1977 era, draw pointed attention to the political dimensions of liberalisation.

9

Reclaiming Social Democracy: Charting a 'Third Way' for Sri Lanka

Third Way insists that welfare stands in need of radical reform but [does not wish] to reduce it to a safety net.

—Anthony Giddens (1999)

Introduction

One of the distinctive features of Sri Lanka's achievement of independence in 1948 as previously noted (see Chapter 5) has been its overall commitment to liberal democratic institutions such as the rule of law, electoral politics, liberal political institutions and a high degree of political participation along with a dynamic civil society. But more importantly, Sri Lanka had, for a long time, the unique status among developing countries as a social democracy pursuing welfare state ideals of equality and justice, a characteristic feature of many developed industrial countries of the West.

The conjunction of democracy and welfare in the West has, as previously noted in Chapter 2, yielded a variety of models of the welfare state ranging from the conservative through liberal to the socialist (Esping-Andersen 1990). The social development model of the welfare state, characteristic of the Scandinavian countries and the UK, is marked by the collective provision of welfare with a view to achieving distributive justice and social solidarity. In these countries, 'social democracy is virtually synonymous with the welfare state' (Esping-Andersen 1985: 14). Besides the tradition of politics, unlike in the liberal democracies, is committed to civil and political rights, protection of civil liberties and freedoms and social rights

(guaranteeing social equality and some measure of distributive justice). In short, it is the commitment to the achievement of equality and justice as a collective responsibility which confers a valid interventionist role for the state in public policy.

However, nearly all social democracies in the West have been severely fractured. This is mainly due to the incompatibility between the pursuit of egalitarian goals of welfare (greater equality through redistributive measures) and the inherent inequalities of the market forces of neo-liberal capitalism. The orthodoxy of the economic philosophy, which emerged in the 1970s, was based on the logic of a free market, economic individualism, a minimal state and an autonomous civil society, and became the dominant economic paradigm not only in the developed countries but also in the developing countries. As a consequence, the economic foundations of social democracy built in the UK on the beliefs of full employment, a mixed economy, Keynesian demand economics and an interventionist state were severely damaged by the conservative politics of neo-liberal economics in the 1980s, exemplified by the political regimes of Thatcher in the UK and Reagan in the USA.

In the West, the dissolution of the 'welfare consensus', born out of the 'social contract' of the post-war period, was associated with the collapse of Marxism in Europe and the profound social, economic and technological changes arising from globalisation or global capitalism (Giddens 1998). In particular, the impact of globalisation (for example, by integrated capital markets and floating exchange rates) has severely restricted the capacity of social democratic countries in the West 'to pursue their redistributive programmes through the use of the standard repertoire of Keynesian policy instruments' (K. Jayasuriya 1999a: 27).

It is this decline of social democracy, along with the dismantling of the welfare state, which has led to the search for an alternative policy paradigm that could accommodate the philosophy and rationale of the welfare state (for example, greater equity and justice) with neo-liberal economic thinking. The various forms of revisionist social democracy that have come to be generally known in the West as the 'third way'[1] eschews the extremes of the New Right and the socialist orthodoxy of the Left. The primary objective of this new politics is to reconcile the realities of the international economy, global capitalism and market efficiency with issues of social justice—'the cornerstone of the social democratic project' (K. Jayasuriya 2000).

A primary consideration of a 'third way' political regime committed to a 'humanistic capitalism' lies in its ability to achieve a balanced integration

of economic and social policies. Accordingly, the distinctive feature of 'third way' politics in Europe has been its endeavour to demonstrate how the idea of the welfare state, based on equality, can be reconciled with market forces which are by nature inegalitarian (Giddens 1998). This new thinking requires, first and foremost, a defence of the principles and values of the welfare state against its philosophical rejection by the proponents of neo-liberal thinking (Harris 1987). Sri Lanka, which had nurtured in the unusual environment of a non-industrialised society, the orthodoxy of the Keynesian welfare state—a colonial legacy of British liberal political thought—has encountered a similar severe strain following the crisis of the welfare state in the 1970s. The welfare state ideology promoted by Sri Lankan governments during the 1960s (see Chapters 6 and 7) was, as shown in Chapter 8, emphatically rejected by the neo-liberal regimes of the post-1977 era.

The economic philosophy of the post-1977 neo-liberal regimes in Sri Lanka, centred on the principles of market efficiency and unrestrained economic growth, was markedly opposed to earlier policies of the egalitarian welfare state ideology. The impact of the new economic policies of liberalisation had a critical impact on the public sector where state-based services were increasingly privatised and the welfare sector severely downgraded except for safety net programmes of social assistance and income support (World Bank 1998). Not surprisingly, the Sri Lankan public sector was characterised by a social philosophy bordering on 'private affluence and public squalor'.

The ideological rejection of state welfare in Sri Lanka as in the West also meant a clear departure from the principles of social democracy, such as the pursuit of equality and distributive justice, sharing of risks and solidarity. As elsewhere, we find that the crisis of the welfare state encompasses the competing forces of growth and welfare as well as the conflict between the inequality, generated by the logic of market forces, and the social democratic emphasis on welfare consensus and solidarity. In this regard, it is apparent that the fundamental differences between conservatives and social democrats are essentially value based and ideological with differing emphasis being placed on values such as equity, individualism and social solidarity as well as liberty and freedom (Bean et al. 1985).

Basically, the neo-liberal critique of the welfare state ideology in Sri Lanka took two forms: the soft conservative approach, more like the classical liberals, contrasted with the harder line taken by the New Right conservatives, often linked to neo-conservatives. The former are prone to reject the coercive intrusion of the state in catering to welfare needs but

concede that welfare is a 'public good', best catered for within the private sector. The more orthodox neo-liberals of the New Right are strictly laissez faire, and market oriented. They subscribe to a doctrine of economic individualism which subordinates welfare to the so-called 'rationality of market forces', governed not by considerations of equity or justice but by those of efficiency in maximising private profit. Accordingly, welfare is simply a matter for individuals to secure by their own efforts with minimal state assistance—a matter of personal responsibility.

The Sri Lankan neo-liberal regimes (1977–94) represent both forms of conservatism in varying degrees. Whereas the Jayawardene regime of 1977–89 was more in accord with the theory and practice of New Right conservatism, the Premadasa regime (1989–93) tended to adopt a soft conservatism, a less rigid form of neo-liberalism (L. Jayasuriya 1987). What they shared, however, was a deep distrust of state ownership and/or control of the means of production, a strong insistence on self-reliance, the virtues of individual effort and initiative, and a rejection of any form of state welfare. The ideological preference of the soft conservatives was for a form of asset-based welfare (see Chapter 2). Against this background the new political regime which emerged in Sri Lanka, following the 1994 General Election, appeared committed to restoring social democracy, but failed to confront the critical issue of whether this also entails an equal commitment to the restructuring of the welfare state. In short, the political rhetoric of the Sri Lanka Centre Left coalition in 1994—for instance, the desire to 'humanise capitalism' (that is, structural adjustment with a human face)—succumbed to the basic logic of neo-liberalism, that is, of giving priority to ensuring a solid economic foundation for the implementation of social policy objectives such as those of guaranteed social security and well-being (World Bank 2004).

The paramount need is for an integrated and coordinated approach to social policy that is able to prioritise social goals and allocate appropriate resources, all of which presuppose a commitment to achieving some measure of equality and distributive justice. Too often the debate has been conducted in either/or terms of the market or welfare rather than combining the two, as for example, in the form of the German model of the 'social market' (Emy 1993), social 'partnership' in Austria or the Scandinavian type welfare regimes (Midgley 1995). Where economic growth is determined by policies of stabilisation and adjustment, often determined by external agencies such as IMF/World Bank, it requires the provision of adequate social infrastructure based on a notion such as the 'social market' rather than embarking on huge reductions of social

expenditure as expected by proponents of IMF type models of economic development. In short, Sri Lankan policy makers need to recognise that there are alternative models of policies and strategies for effectively linking welfare and the market, economically and socially.

A key proposition advanced here is that restoring the principles of justice and equity embedded in the social democratic state in Sri Lanka is critical to reclaiming the lost ideals of the welfare state. The stark reality is that the decline of the welfare state has also witnessed, concurrently with the emergence of an authoritarian constitutionalism, a negation of democratic values and principles. Therefore, there is a need to re-think and restate the values and fundamental principles of social democracy and the welfare state—those of *freedom*, *equality* and *justice*—which have been seriously damaged in the post-colonial state. However, any such programme of political and social transformation is predicated on a willingness to enunciate and articulate the values and principles of social democracy in a manner relevant and meaningful to the demands of a fragile diverse and plural society undergoing rapid economic change in the context of globalisation.

In this context, it will be argued that the 'third way' thinking being promoted in the West and elsewhere may, indeed, be a relevant and meaningful political rationale for the renewal of social democracy in Sri Lanka. Furthermore, in this endeavour, the restructuring of the collapsed Sri Lankan welfare state stands out as a logical corollary to restoring social democracy. However, this reformulation of the welfare state and restoration of social democracy has to be contextualised and located within a political framework, a foremost consideration in this regard being the resolution of the deep-seated tensions and conflicts inherent in a diverse plural society.

This chapter will seek to justify, in the light of current political and economic realities, the continuing validity of the welfare state ideal by outlining a defensible political rationale for the Sri Lankan welfare state and social democracy. A conceptual framework for a new social democracy in Sri Lanka will be sought in a radical concept of citizenship and the doctrine of 'market socialism'. This exposition addresses the proverbial 'means-end' debate about welfare by identifying a policy framework which is able to realistically confront the needs of welfare in a market economy.

In short, the challenge of the 'third way' as a basis for reclaiming social democratic ideals lies primarily in its ability to incorporate social objectives of equity and justice within the economic imperatives and political realities of a middle-to-low income developing country committed to

economic growth. In this respect, the proposed blueprint for a 'third way' in Sri Lanka gains added significance because of its potential for incorporating diversity and pluralism within the social and political structures of a new social democracy by constitutional reform.

Transforming the Welfare State

Defending Welfare: The Idea of Citizenship

Any defensible rationale for reconstructing the ideology of the welfare state within a social democratic framework has to be one which recognises the rights and entitlements inherent in *political* and *social* citizenship. Whereas political citizenship ensures civil and political rights guaranteeing civil liberty and basic freedoms in a political democracy, social citizenship which ensures social rights, on the other hand, provides such benefits as equitable access to health care, education, shelter and social security. By virtue of one's social rights, a citizen is deemed to have moral claims on the state through one's membership in a political community (which may, in fact, be membership in a diverse plural society).

Citizenship bestows not only personal and legal protection in terms of one's civil and political rights but also social protection from diswelfare—the adverse deleterious effects on individuals from things such as disability, environmental hazards or unemployment for no fault of their own. This sense of shared, collective responsibility is what confers a sense of fraternity and social solidarity—an altruistic concern for one's fellow beings. How one secures this collective responsibility results in two themes common to welfarism and the social democratic tradition: (*i*) that distributive justice, not benevolence, is a matter of rights and entitlements and (*ii*) that the social democratic state is redistributive and committed to an equitable distribution of resources.

There are several justificatory principles that can be cited in favour of redistribution such as freedom and autonomy of individuals, equality and sense of community (Drover and Kerams 1993). But perhaps the most significant fact is that the principles of redistribution arise from a strong commitment to cater to human and social needs. In short, collective responsibility and the need to achieve this by an equitable distribution of resources becomes an ethical and moral issue. In other words:

> If the welfare state does not have the function of increasing freedom, rectifying injustices and responding to the moral claims based upon need, it hardly seems worth defending'. (Plant 1985: 3)

Using Marshall's theory of citizenship, Plant goes on to suggest that 'meeting needs is a basic requirement of citizenship' (Plant 1985: 13). The Marshallian idea of citizenship (see Chapter 4) as a basis of welfare was based on the rights of social citizenship in characterising the moral foundations of the welfare state. In this philosophy of the welfare state, Marshall defines citizenship as:

> [A] status bestowed on those who are full members of a community. All who possess the status are equal with respect to the rights and duties with which the status is evidence. (1950: 84)

The Marshallian concept of citizenship as previously argued provides all citizens with an equality of status as well as an equality of rights (civil, political and social rights). Collectively, the civil and political rights—the rights of political citizenship—are 'negative' rights because they imply a corresponding obligation on others to refrain from interference with the enjoyment of these rights. For orthodox liberals, conservatives and libertarians, the essence of citizenship lies in the defence of liberty and freedom in a democracy. This is, of course, a function of enforcing the rights of political citizenship which grants full and equal membership to all citizens without distinction.

On the other hand, social rights, which form the basis of social citizenship, are more problematic because they constitute claims against the state. These rights constitute 'a claim on the resources of others using the tax system' (Plant 1988: 10) and are taken to refer to the right to a 'social minimum'. The latter is achieved through an array of programmes and social services (for example, access to education and health care, social security, adequate housing and income maintenance), all granting a measure of social protection to all citizens. The question whether these rights constitute individual entitlements or merely a general duty or obligation cast on the state to provide collective services in areas such as education, health and general welfare is disputed and controversial. Social rights are said to be 'de-commodified',[2] when they become the responsibility of the state in varying degrees, depending on the political and economic context.

What is particularly significant about the Marshallian citizenship paradigm is that, while remaining firmly committed to issues of freedom, justice and rights (Miller 1989), it acknowledges the economic component of welfarism. This enables the incorporation of market forces—the logic of the market. In the words of Marshall, 'the taming of market forces was an essential pre-condition for a just society' (Bottomore 1992: vi). Hence, Mishra (1984) aptly describes Marshall as a 'moderate collectivist' for whom the limits of welfare are constrained by the economy such that there is not an optimum standard of welfare but a national minimum for state welfare.

According to moderate collectivists who are not ideologically committed to universalistic benefits and services, there are a variety of ways in which social rights could become enforceable. For example, the grant of some social rights is conditional; social security benefits may be dependent on work tests for employment. Rules and procedures governing the benefits associated with social rights such as the conditions governing entitlement to free medical services or access to care in pubic institutions may limit rights to benefits. The conditionality of rights points to a re-definition of rights and obligations and is central to what is being identified as 'third way politics' (Giddens 1998). Importantly, for the 'third way', these rights and obligations attach equally to individuals and governments.

Whatever be the politics of welfare in implementing social rights, the conceptualisation of social rights as being inherent in citizenship is central to welfare state theorising. The concept of social rights embodied in the traditional Marshallian welfare state ideology was intended to act as a compromise between the contrary principles of the democratic polity and the capitalist market. The welfare state then becomes a mechanism which is expected to intervene and correct the structures of inequality by some measure of redistribution, the extent of redistribution permissible being constrained by political and economic conditions.

In summary, the essence of the argument advanced here is that citizenship theory is significant chiefly because it offers a rational and ethical way of dealing with inequalities, the inevitable consequence of capitalist markets. In addition, it provides for an accommodation of market and welfare; or stated differently, a way of reconciling the drive and productive outcomes of a market economy with the values of welfare namely, equality and justice. From a policy strategy perspective, the institutional approach to social development of Midgley (1995) offers several alternative mechanisms for pursuing a new model of welfare which accommodates the productive outcomes of a market economy. Such an institutional

perspective 'seeks to mobilize diverse social institutions including the market, community and state to promote people's welfare' (Midgley 1995: 139).

One attractive institutional mechanism is to link the market and welfare through the provision of corporatist type arrangements (Pekkarinen et al. 1992). These arrangements not only allow for a more effective management of wage demands but also provide a mechanism to trade off increases in social welfare against neo-liberal income policies which are largely governed by market forces. Furthermore, corporatist arrangements have the virtue of enabling more effective democratic participation for corporate groups such as labour, professionals and business in the policy-making process (Midgley 1995; Mishra 1984). Hence, the relevance and significance of corporatist models such as those identified with the doctrine of 'market socialism' (for example, Harris 1987; Miller 1989). The latter seek to provide a socio-political framework that helps to reconcile collectivism and solidarity with individual achievement and economic competitiveness in a manner comparable to that as envisaged by 'third way' political theorists.

Market Socialism, Corporatism and Citizenship

Societal Corporatism

The doctrine of market socialism, originating from the classic work of the Polish economist Oskar Lange and developed recently by such theorists such as Miller (1989) and Harris (1987), provides a conceptual framework for those in search of a 'third way'—one which avoids the excesses of the New Right and the Left Wing theorising—in liberal democratic societies. For instance, the liberalised East European states, anxious to adhere to socialist values of equity and justice without necessarily subscribing to the policy prescriptions of the 'second way' (for example, the socialist orthodoxy pertaining to state ownership, nationalisation and the state control of the means of production and distribution) have been attracted to market socialism as a 'third way'.

Market socialism as advocated by theorists such as Miller (1989) promotes a 'moderate collectivism' (Mishra 1984) and includes features such as public sector ownership of resources (for example, public utilities), the adoption of the 'politics of dialogue' and a regulatory role for the state.

Stated differently, market socialism, while remaining firmly within a liberal democratic tradition of liberty and freedom, reaffirms the 'core socialist ideals' of cooperation, freedom, solidarity, equality and justice which are integral to the ideology of the welfare state. In this policy paradigm, the state acquires a special role as a facilitating and regulatory structure functioning to achieve cooperation, cohesion and solidarity by safeguarding the public interest as evident in the public sector.

Miller's account of market socialism is characterised by two distinct features crucial to the delineation of 'third way' politics. These refer to the distinction between the economic domain and the social–political sphere and the adoption of corporatism as an institutional device to achieve the ideals of the welfare state ideology. The crucial point being made by the distinction between the two domains of political and social life—the economic versus the social–political sphere—is that each domain is governed by its own distinctive logic and norms. Thus, the logic of markets is concerned with the criterion of utility or price, and norms of efficiency and cost benefit outcomes. The latter dominates the economic domain, which do not necessarily apply to the social–political sphere—the sphere of welfare and non-economic activities governed by the criterion of need (Pinker 1979).

The social–political sphere structured within the rights of social citizenship and a communitarian ethic entails consideration of the public interest—the public good. In other words, the 'social sphere', in catering to servicing human needs, is bound by communitarian relations, that is, those pertaining to cooperation, equality, fairness, altruism and sharing, all arising from 'communal participation'. This domain is clearly not bound purely by considerations of profit, efficiency or self-interest as is the logic of the economic domain in a market economy.

Implicit in this theorising is the conception of the state as 'an instrument which allows citizens to mould the world in accordance with one's ethical belief' (Roberts 1995: 16), such as a 'sense of service', the spirit of the community or simply a disinterested concern for the well-being of others. This mode of theorising distinguishes market socialism sharply from libertarian and neo-liberal conservative viewpoints. In other words, 'we eliminate poverty not because it is in our interest to do so but because we ought to do so whether it is in our interest or not' (Roberts 1995: 15). Similarly, Raz answers the question why we care about equality by stating that:

> What makes us care about various inequalities is the hunger of the hungry, the need of the needy ... the fact that they are worse off in the relevant respect

> than their neighbours is relevant. But it is relevant not as an independent evil of inequality. Its relevance is in showing that their hunger is greater, their need more pressing, their suffering more hurtful and therefore it is our concern for equality that makes us give them priority. (Raz 1986: 86)

Societal corporatism, not state corporatism, is the other key feature of market socialism which is especially relevant to 'third way' politics (Halevi 1995; Midgley 1995; Pekkarinen et al. 1992). Following Emy, corporatism is understood as referring to 'a strategy for constructing agreements on broad policy, obligating interested groups to contribute to the development of policy and sometimes assist with its implementation' (Emy 1993: 204). In short, societal corporatism is seen as a means of ensuring a broad participation while, at the same time, integrating the social and economic spheres by harmonising group relationships. Furthermore, it is characterised by three distinct features: the organisation and representation of the major interest groups (for example, labour and capital), incorporation of interest groups with the political process (for example, of political parties) via bargaining, and an ideology of social partnership integrating sectional interests with the public interest (Gough 1993).

What is perhaps central to corporatist thinking is the assumption that the social contract recognises the political culture of consensus as a means of arriving at decisions in matters of common concern or the public good. As an institutional mechanism, societal corporatism offers a 'pragmatic approach to integrative problems of the political economy of advanced capitalism' (Mishra 1984: 102). This, in turn, enables the effective coordination of economic and social policies, which are distinct but interdependent. In corporatist societies, characteristically 'governments do not own or control the economy [but] ... are far more interventionist and committed to diverting economic and social policy in coalition with labour and industry' (Midgley 1995: 147). The social framework built on the consensus of corporatism is achievable only through a sense of citizenship that facilitates the equality of status as a citizen to be compatible with inequality in the market operations of the capitalist economy (Pekkarinen et al. 1992).

The idea of consensus, which was also implicit in the Marshallian view of citizenship, helps to link the three subsystems—the polity, market and welfare. Rights and duties persons share by virtue of their citizenship status provide the foundation of equality on which the structures of inequality could be built, that is, those deemed to be acceptable inequalities as against undeserved inequalities (Marshall 1973). Therefore, market socialism, when based on an instrumental framework of societal corporatism,

provides a conceptual framework for the achievement of equality (of status and of rights). In achieving equality, the object of welfare is to ensure a minimum standard of material well-being, one that does not entail an antipathy to markets. This is, of course, subject to the proviso that market outcomes can be modified with justice and fairness, so that citizens are guaranteed their rights as members of a political community.

This understanding of the notion of equality in market socialism bears comparison with the Marshallian view that the welfare state provides 'ameliorative measures which affect only the consequences of inequality, not its foundation' (Bottomore 1992: 60). Or, as Giddens (1998) puts it, the Beveridge model of the welfare state was only a transitional point in achieving a welfare society, that is, a society which sees welfare not in any economic sense (for example, as a question of economic maintenance), but as one of well-being through an investment in human capital. The pursuit of the welfare society ideal offers a new social policy paradigm away from a utilitarian concept of the welfare state (that is, as one providing benefits or advantages) to a welfare society as a 'social investment state' (Giddens 1998).

According to K. Jayasuriya (1999a), the 'social investment' model of welfare is associated 'with radical changes in the mode of welfare delivery' (for example, the privatisation of services), all of which point to 'a contractual bargain between the welfare recipient and the welfare agency'. Although this signals a significant change in social policy for rights and entitlements, Jayasuriya, quoting Yeatman (1998), concludes that this contractualism has the 'potential to significantly enhance the rights and capacities of contracting parties' by laying greater emphasis on 'capital building and agent centred rationality to buttress a post-industrial welfare society' (K. Jayasuriya 1999a: 30). In short, this model of welfarism may provide the outlines of a new paradigm of economic and social policy for Sri Lankan social democracy.

Regenerating Citizenship

In reconceptualising the notion of welfare, the doctrine of market socialism also maintains that the rights of social citizenship are intimately bound up with an individual's membership in a shared community and the obligations associated with such membership, particularly those of sharing, caring and solidaristic virtues. This posits a distinct view of citizenship similar to that espoused by communitarian theorists such as Etzioni (1989), Walzer (1983, 1990) and Barber (1984), all of whom have drawn pointed

attention to the neglect of the notion of community in a liberal political philosophy steeped in individualism.

Accordingly, it is the sense of membership of a political community which strengthens the claim to welfare of its citizens. When viewed in this light, the entitlements and claims citizens make on the state acquire a different significance and meaning in that the rights of citizenship are not regarded simply as individual rights, as in the orthodox liberal democratic view of citizenship. Thus, the moral justification of welfare goes beyond one narrowly based on individual rights or an enlightened self-interest. Indeed, as Keynes warned us, contrary to the claims of liberal democratic theorising 'enlightened self-interest does not always operate in the public interest. Nor is it true that self-interest generally is enlightened' (Bean et al. 1985: 119). Rather, it is suggested that the 'common good' is located within the concept of citizenship, in the politics of common citizenship.

The 'common good' of citizenship in the Marshallian sense is premised on mutual aid and a mutual concern for others, along with a high degree of moral consensus about the desirability of welfare. In other words, 'citizenship theory offers a distinct moral justification of the welfare state' (Harris 1987: 27). For this reason, social rights (such as access to health care, shelter and welfare services) may be said to arise from moral rights inherent in individuals by virtue of membership in a political community. Tony Blair's 'third way' for New Labour in the UK sums up this perspective on welfare admirably by arguing that what underlies the pursuit of equality and social justice is the belief that:

> We are members of a community and society as well as individuals alone and a conviction that it is, in part at least, through acting together, collectively, that individual freedom and aspiration are advanced. That is the principle from which notions of social justice and equality gain practical strength. (Blair 1993: 14)

The critical point to note here is that welfare is about the collective provision of human and social needs, considered essential for individual well-being within a given community. This then becomes an obligation cast on the state to ensure the availability of a range of welfare services catering to human needs, but not necessarily one of providing for these services.

However, the incorporation of citizenship theory into market socialism which links the pursuit of the 'common good' with the collective provision of human needs through participation becomes somewhat problematic in a plural society, that is, one differentiated in terms of

diverse groups and interests. Phillips (1991) suggests that this requires re-theorising the concept of citizenship in a manner that acknowledges that 'when a society is socially differentiated, then citizenship must be equally so' (Phillips 1991: 83). In other words, it is only by acknowledging the notion of a 'differentiated citizenship' (Husband 1998) that one is able to acknowledge and accommodate the existence of mixed identities and multiple allegiances that may exist in a multicultural nation. Hence, the need to acknowledge that citizenship in a plural society is about equal membership in a pluralistic community, that is, a differentiated citizenship in which differences are explicitly recognised (see Chapter 3).

Given that the idea of citizenship creates a common identity in a political, not a cultural community, citizenship is seen as facilitating social integration. To quote Plant (1994: 83):

> A common identity of citizenship [is] a way of tying a pluralistic society together while expressing the richness of group life within that set of constitutional and social rights and entitlement.

In other words, in a diverse and plural society, the 'common good' and the 'common identity' reside in the *political* rather than the *cultural* nation.[3] Furthermore, the identity of citizenship in a social democracy, which relates to the political nation, resides in the civic culture of a plural society. This presupposes a vibrant and autonomous civil society, understood as a terrain of voluntary associations that lies between the economy and the state and exists within 'a transparent and accountable democracy' (De Votta 2004: 180).

A civil society which embraces a 'civic culture' (Hall 1994) is something which has been sadly lacking in Sri Lanka since the 1970s (ICES 1996; Mayer 2000; Orjuela 2005). The restoration of this emasculated civil society requires not only a defence of fundamental freedoms and political liberties which reside in citizenship theory but also, more importantly, a reconstitution of social trust and cooperation between individuals and groups in the political community of a plural society. The notion of the civil society[4] endorses the democratic view that 'people need forms of association not regulated by either the market or state' (Phillips 1999: 56). Hence, citizenship theory, in this more radical sense, as applied to a plural society, is pre-eminently one which is capable of accommodating difference within the institutions of society.

The notion of citizenship adopted by the doctrine of market socialism also attaches special significance to participation as a key element of citizenship theorising. In a liberal democracy which is 'essentially a system

of representation' (Giddens 1994: 112), citizenship rights 'are essentially concerned with the notion of social participation of persons within the community as fully recognised legal members' (Turner 1986: 134). Interestingly, in the light of the distinction made in citizenship theorising between *political* and *social* citizenship (see Chapter 4), the notions of political and social participation have attracted the attention of liberal democratic political theorists (for example, Held 1989). This is because political citizenship (civil and political rights), being a form of power, is regarded as achieving a pre-condition for social citizenship, such as individuals' claim on the right to welfare and economic security.

While the exercise of power derived from political citizenship was essential for social participation, it was equally true that economic security and social well-being were a precondition for effective political participation. Thus, if the idea of citizenship is to provide an intellectual and moral basis for social democracy, it needs to go beyond the conventional understanding of citizenship as a legal status and a passive bundle of rights (Held 1989). A radical citizenship theorising, therefore, regards participation or 'the involvement of people in the community in which they live' as being fundamental to the idea of citizenship.

This broader view of effective participation in a liberal democracy is particularly relevant for a plural society since participation is vital for realising the rights of citizenship of diverse groups such as ethnic minority groups. This also serves to underscore the point that in a liberal democratic order, the 'politics of dialogue' is essential for enhancing the effective participation of all its citizens. In this sense, participatory citizenship becomes a necessary condition for achieving equality in a plural society. Citizenship is, therefore, regarded as a 'social process', which through participation, enhances the status of citizenship and enables the exercise of one's rights. For this reason, Dahrendorf maintains that 'citizenship is not mainly about where people stand, but about what they do. It is about participation' (Dahrendorf 1975: 44).

This more radical view of citizenship also brings to the fore the ethical principle of subsidiarity (Ranjault 1992) which denotes the extent of local level participation that requires delegating responsibility for action to the level deemed most appropriate in a particular society. This is particularly relevant for a devolved system of administration applicable to a pluralistic society consisting of hierarchical or concentric grouping. For this reason, the principle of subsidiarity is compatible with differentiated citizenship in a diverse and plural society as it implies a commitment to citizens' rights on the path of decentralisation and eventually of solidarity. The imperatives

of effective participation clearly require the recognition and involvement of a range of groups located within the structures of the civil society. But it should be noted that this does not involve any 'conflict in principle between individual responsibility and collective social responsibility: the two coexist as different expressions of the principle of subsidiarity' (Emy 1993: 112).

Challenges for Sri Lanka

In restructuring the social democratic state in Sri Lanka, it is imperative not to lose sight of Sri Lanka's unique developmental experience as a pioneering third world welfare state. This legacy was admittedly seriously fractured but not entirely lost in the post-colonial state era (1977 onwards) when Sri Lanka uncritically embraced neo-liberal doctrines of economic liberalisation, largely at the behest of international agencies like the World Bank and IMF. No doubt influenced by the earlier doctrines of the welfare state policy makers, Sri Lanka adopted the social safety net approach to social policy on the dubious grounds that it contained aspects of asset-based welfare thinking, namely, that these income transfers were likely to increase the economic capacity of the poor to enter into productive employment.

But as Dahrendorf (1996) puts it sharply, in Sri Lanka, as in many other countries of the North and the South, *inequalisation* dominates the social and economic climate (see Chapter 3). Stated simply, despite the fact that GNP continues to rise, as the rich get richer, the poor remain poor if not poorer. The net result of this 'inequalisation' is a polarisation created by extensive social exclusion and marginalisation of the disadvantaged. This not only threatens the very fabric of civil society but gives rise to intolerance, xenophobia and violence. In the long run, this social exclusion and marginalisation of many groups in society seriously diminishes the rights of citizenship and puts at risk, as Sen (1999) observes, the very foundations of freedom and political liberty which are critical for social well-being.

This revealing social portrait of contemporary society evident in advanced industrialised societies and developing countries is indeed what has been echoed in the Sri Lanka of the recent past. Regrettably, Sri Lanka still remains in the grip of the post-Washington Consensus policies (de Alcantra 1996) of the social safety net type, with the policy script being re-written via such notions as 'social protection'. The paradox here is that

even while proponents of neo-liberal orthodoxy such as the World Bank in the Wolfensohn era (World Bank 2000, 2001) has rediscovered the 'social' in development planning, Sri Lanka remains locked into an outdated neo-liberal model of the 1990s framed in terms of asset-based welfare models such as 'social safety' type of social protection.

Hence, this search for a new social philosophy and a mix of social policy strategies to deal with the burgeoning social and economic problems was influenced by the rapid social and economic change. This is not simply a call to go back to the ideologies of the 1950s and 1960s but a plea to use the principles and values that guided the earlier welfare state and incorporate them into a bold and new social policy framework. As in several Latin American countries, notably Brazil, the social democratic project has through a 'new politics' framed a modernised egalitarianism capable of coming to terms with globalisation (Vellinga 1993). Similarly, Sri Lanka too needs to re-theorise the principles and values of the social democratic state in the new age of market dominance and globalisation (K. Jayasuriya 2006).

The danger to be avoided at all costs is not to mistake *means* for *ends*—such as, for example, when one makes a fetish of commodities by valuing goods as being intrinsically good rather than as means to other ends. In other words, development is a normative concept—and there is no way of escaping the value and moral assumptions we make about the *ends* of development—such as what counts as a good outcome, for example, the achievement of a better life or a particular state of well-being. It is in this context that Sen's notion of capability[5] warrants careful scrutiny by Sri Lanka policy makers as the logic of 'capability' theorising provides a useful rationale for restoring the lost Sri Lankan social democratic culture (see Chapters 3 and 4).

In the absence of a coherent social philosophy, the social policy welfare agenda, admittedly severely constrained by the war of the past two decades in Sri Lanka, has been enmeshed in the dictates of the international agencies, and vested interests, especially the influential corporate sector. Above all, in Sri Lanka (as previously noted in Chapter 8) the future of the welfare state depends on the ability to distinguish economic liberalism, the operation of market forces, from political liberalism embodying the rights of political and social citizenship. Historically, this has not been an easy task but this should not deter 'ethical liberals' from detaching market assumptions of capitalism from the principles and values of social democracy and integrating them into a democratic project—'participatory citizenship' (Phillips 1991) incorporated within 'market socialism' (L. Jayasuriya 1996).

On the assumption that the values and principles inherent in welfarism—*freedom, equality* and *justice*—are central to social democracy, a central feature of the foregoing discussion has been to develop a policy paradigm which effectively links welfare and the market. The critical question facing policy makers in Sri Lanka in restoring the lapsed social democracy and the welfare state is to seek a policy rationale for integrating economic and social policies without subordinating social policy objectives to economic imperatives, unlike the policy strategy promoted by neo-liberal conservative governments. Since the abolition of the market is sheer 'utopism' (Miller 1989), a social democratic political order has to learn to live with the logic of markets.

The task confronting the new social democracy of the 'third way' is to develop a policy paradigm which accommodates the principles of the welfare state with neo-liberal economic thinking. The quest for a 'third way', a revitalised social democratic order, in which there is a balance of economic and social objectives, is to be achieved by articulating three key elements: (*i*) separating the logic and rationale of the economic domain from that of the social–political sphere, (*ii*) the adoption of a radical concept of citizenship which recognises 'difference' and (*iii*) societal corporatism. In other words, the reconstruction of the welfare state will be seen as a way of concurrently ameliorating market inequalities and achieving a measure of distributive justice in a neo-liberal economic order. This has to go hand in hand with building a new political order based on the tenets of social democracy, which endeavours to address the diversity of interests in a plural society.

Conclusion

In short, this new policy paradigm eschews the extremes of conservative liberal democratic theorising as well as those of the ideology of the welfare state, characteristic of the socialist left (the 'second way'). A new social democracy, if it is to provide a solid political and moral foundation for the diversity and pluralism of Sri Lankan society, has to be firmly entrenched within the principles of market socialism and linked to a radical concept of citizenship.

Re-theorising the concept of citizenship is critical in formulating a defensible rationale for reconstructing the lapsed welfare state and the fractured democratic ethos. A radical concept of citizenship which

explicitly acknowledges the politics of 'difference' is likely to protect basic freedoms in a pluralistic society and also facilitate integration and social solidarity. At the same time, the rights of citizenship guarantees the right of individuals to stake a claim on the state for the provision of human and social needs by virtue of the social rights of citizenship. The collective responsibility for welfare recognises that welfare is a 'public good' for which the state has responsibility within defined parameters.

Importantly, the right to welfare is understood as a 'moderate collectivism' because it confers not an absolute right but one which is conditional. In other words, the practice of market socialism acknowledges that the *what* and *how* of welfare provision are heavily constrained by political and economic considerations. A communitarian understanding of citizenship helps to reinstate the notion of 'community', absent in liberal political theory, in asserting the moral validity of welfarism within the doctrine of market socialism. The notion of 'community' imposes a morality of mutual concern and responsibility which enhances our capacity as citizens to be reminded of others' claims. In other words, citizenship is 'characterised by rather more in the way of "caring" sharing and being our brother's and sister's keeper' (Etzioni 1993: 260).

The doctrine of market socialism, though developed in the context of economic and political changes in Europe, may in the current economic and political climate provide a developing country like Sri Lanka with an attractive theoretical framework for re-negotiating the principles of the welfare state in a social democracy. Market socialism views the welfare state primarily as a way of ameliorating market inequalities and achieving a measure of distributive justice in a neo-liberal economic order. The doctrine of market socialism, firmly located in a radical view of citizenship, is made clearer by the adoption of two important considerations—societal corporatism and a communitarian citizenship perspective. The adoption of a societal corporatism (not state corporatism) in the new welfare ideology permits consensus building and a pragmatic incrementalism in policy development, characteristic of corporatism.

Such a policy strategy is consonant with an approach based on 'moderate collectivism'. This may be particularly relevant for Sri Lanka because it is widely recognised that corporatism is most likely to succeed as an effective mechanism for bringing about change where there is a strong labour movement and a political heritage of social democratic politics. These conditions are abundantly present in Sri Lanka and augur well for the effective use of a corporatist welfare policy strategy. Considering that the neo-liberal regimes of Sri Lanka in the post-1971 era, as in the

case of Britain (Bryant 1994), did great damage to the civil society, the restoration of a vibrant civil society in a liberal democratic polity remains a priority for the proponents of new social democracy in Sri Lanka.

In this restoration of a civil society, a participatory notion of citizenship constitutes an important feature of the new social order. Citizen participation enlarges freedom, moral purpose and a sense of solidarity, all of which are an outcome of the resultant 'common purpose and mutual action by virtue of civic attitudes and participatory institutions rather than altruism or good nature' (Barber 1984: 117). The crucial significance of the civil society in social democratic theorising lies in redefining the role of the state not as a centralised, authoritarian, controlling structure but as an enabling instrumental structure in a plural society which facilitates the achievement of the objectives of the welfare society. In the civil society–state dichotomy, the regulatory function of the state may well be the guiding feature of the new social democracy.

In Sri Lanka, as elsewhere, the future of the welfare state depends on the ability to distinguish economic liberalism, the operation of market forces, from political liberalism embodying the rights of citizenship—political and social. Historically, this has not been an easy task but this should not deter 'ethical liberals, or social democrats from detaching market assumptions of capitalism from the principle and value of social democracy and integrating them into a truly democratic vision of participatory citizenship' (Phillips 1991: 84). In forging this linkage between capitalism and welfarism and charting a new political agenda for social democracy, Sri Lanka may once again acquire a pathfinding role as a model social democratic state for the rapidly transforming market economies of developing countries and emerging economies.

Notes

1. See K. Jayasuriya (1999b) for reviews on what has come to be known as the 'third way' by, for example, Mark Latham (Australia), Giddens (UK) and others. It has come to stand as a loose and shorthand way of referring to European movements pursuing a revival of social democracy.
2. Decommodification refers to 'the degree to which individuals or families can uphold a socially acceptable standard of living independently of market participation' (Esping-Andersen 1990: 37). This reduced dependence on market exchange permits equal benefits in the event of old age, sickness and unemployment.

3. See Bryant (1994) for a similar distinction between a civic and an ethnic nation; L. Jayasuriya (1991) for a critique of the distinction between a *political* and *cultural* nation; also Phillips (1991) on redefining citizenship in a plural society.
4. See De Votta (2004); also ICES (1996) which notes that there have been no scholarly studies devoted to the nature of the state and civil society.
5. See Vizard (2001) for a good overview of Sen; also *Frontline*, 25 February 2005, for a review of the work of Amartya Sen.

10

Postscript: Taking Stock after the Fall of Sri Lanka's 'Berlin Wall'

The dramatic events following the formal ending of the 25-year civil war in Sri Lanka—the fall of Sri Lanka's 'Berlin Wall'—arising from the Tamil insurgency led by the Liberation Tigers of Tamil Eelam (LTTE), casts a new light on the developmental prospects for the country in the foreseeable future. The civil war stands out as a prime example of a global problem of intractable ethnic conflicts with deep-rooted historical and structural causes. Hence, it is important to contextualise this protracted social conflict in Sri Lanka against the background in which it took place.[1] This was one of a country enmeshed since the 1980s in the throes of a radical transformation of the socio-economic structure and the political system which also included the dismantling of Sri Lanka's unique welfare state.

One of the distinctive features of the Sri Lankan polity that emerged over the last three decades, as we have noted previously, was the adoption in 1978 of a radical constitution breaking away from the traditions of a Westminster-style parliamentary democracy and a liberal political culture (see Chapter 8). These political and institutional changes which facilitated the emergence of a neo-liberal market economy were underpinned by an authoritarian constitutionalism (Dunham and Jayasuriya 2003). The cumulative effect of the structural changes arising from the constitutional reforms of the 1970s (the Constitutions of 1972 and 1978) set the stage 'for the ultimate entrenchment of executive power and the erosion of democratic political culture that came with the Presidential system under the Constitution of 1978' (Gunesekera and Gunesekera 1995: 131).

The neo-liberal political and economic ideology that was evident dur ing the 1980s and 1990s was dominated by the Centre Right United National

Party (UNP) which had to contend with two different armed rebellions, one from the South and other in the North of the country. The rebellion from the South was that of the Janatha Vimukthi Peramuna (JVP) led by the Sinhala youth (Moore 1993) and in the North the LTTE-led Tamil-armed insurgency which from 1983 burgeoned into a civil war. The state crushed the JVP-led insurrection in 1989 but the civil war between the state and the LTTE continued through various phases, the Elam Wars I–IV and several peace initiatives (Clarence 2007; Uyangoda 2007). These two armed rebellions served to consolidate the authoritarian constitutionalism that emerged post-1977 and associated with the neo-liberal political economy. Both rebellions, it was argued, created a national catastrophe requiring quick action by whatever means (Hayek 1979), such as infringements of the rule of law and suspensions civil liberties. In short, this warranted a 'regime of exception' (Loveman 1993) in the defence of a just war and national security which tended to 'make the unthinkable not only thinkable but doable and to result in tyranny' (Loveman 1993: 404).

The civil war, however, assumed an entirely new dimension with the coming into power of a new political regime following the Presidential election of 2005.[2] This election resulted in the Prime Minister of the coalition government of 2004, Mahinda Rajapakse replacing Chandrika Kumaratunge of the Centre Left Sri Lanka Freedom Party (SLFP) as President. This Presidential election, like the General Election of 2004, was also based on a coalition of parties allied to the SLFP and drawn primarily from two nationalist parties, the JVP with 42 seats in Parliament and the JHU, a party led by Buddhist monks, with 7 elected seats (L. Jayasuriya 2005). The guiding factor in the Presidential election of 2005 election was, as in the 2004 General Election, the 'nationalist backlash ... [that promised] a just peace [with] the overtone that a military solution was the only option ... to protect the integrity of the nation' (Wickramasinghe 2006b).

Besides, as observed elsewhere (L. Jayasuriya 2005), the 13th Parliament following the 2004 elections witnessed the end of a long era of dynastic politics (Senanayake/Jayawardene versus Bandaranaike/Ratwatte) and the overriding influence of the English educated élite, the comprador class in the politics of the late colonial state (1948–77). However, with the Rajapakse regime, there was a marked change in the political culture following the denouement of the old élite—the Brown Sahibs—and the consolidation of the political power and influence of the new bilingual élite, drawn mostly from the urban technocratic and rural middle classes. This new élite also included a residual fraction of the old élite who gained leadership positions in the new regime. President Rajapakse whose political

constituency was drawn mainly from the new social forces was electorally heavily indebted to the nationalist parties of the South such as the JVP.

These newly aligned social forces, reminiscent of post-colonialism elsewhere (Mamdani 2001), were cemented by an ideological appeal to Sinhala nationalism playing heavily on the idea of a national identity for a nation under threat. Not surprisingly, the new government sought to endorse the sentiments of 'the Buddhist Sinhalese [who] relied on a powerful sense of communal religious identity' (Kaplan 2009b: 6). More importantly, President Rajapakse sought to consolidate his nationalist base in the South (Sengupta 2009) by taking a hard line position in dealing with the Tamil Insurgency in the North. Thus, within just one year of taking office, the government moved to abrogate the Norwegian brokered Cease Fire Agreement (CFA) which had proved to be inconclusive for a variety of reasons including the fact that it had been undermined by the Sri Lankan government since 2002 (Wickramasinghe 2006b).

The decision taken in 2006 to abrogate the CFA paved the way for the Rajapakse government to embark on Elam War IV based on an all-out military offensive in dealing with the long drawn out Tamil insurgency. In adopting a concerted military strategy to combat the LTTE the Rajapakse government proceeded to give high priority to strengthening its military capacity and restructuring the country's defence establishment. Among other considerations, this involved the provision of a sophisticated arsenal of arms for the armed forces such as fast attack craft with 23-mm guns, and so on, for the navy, and supersonic fighter bombers and other aircraft for the Air Force.[5] The extensive resourcing and enhancing the effectiveness of the defence establishment also included strengthening all three armed services, the army, navy and air force, as well as the paramilitary forces (the Civil Defence Force).

Politically, these changes to the defence establishment were primarily due to new strategic foreign policy initiatives which were cast in terms of non-alignment but strategically textured to maintain a balance of power among the Great Powers in the Indian Ocean. The new policy signalled a major shift in Sri Lanka's traditional approach to foreign policy and national security. Above all, it showed a greater preparedness to move outside the orbit of the Great Powers and enter into bilateral relationships with new actors on the global stage, especially China and Russia. Indeed, Robert Kaplan, a respected foreign policy analyst, notes that the victory for the Sri Lankan government over the Tamil Tigers was a victory for China. It could not have been achieved without the military support from China and also having that government's backing at the UN. What is more this was given by China without any moral lessons attached (Kaplan 2009a).

These observations of Kaplan serve to draw attention to the international and foreign policy implications relating to the civil war and in particular to the new geopolitical power shifts in the region. The decisive military victory of the Sri Lankan government against the LTTE in May 2009 was a direct consequence of the new political culture and the military strategies adopted by the Rajapakse government. Yet, for a variety of reasons, the events surrounding this military victory, achieved within a short space of less than 3 years, will be subject to critical scrutiny in the days to come.

The apparent success of the government forces in combating terrorism militarily has been lauded in many quarters as a test case for the 'peace through victory' theory for dealing with civil wars. But others[4] argue that, as in the case of several Latin American countries, the sort of success achieved by the Rajapakse government was possible only where the military is deployed and freed from all social and political constraints such as the adherence to the rule of law, compliance with civil liberties, and so on, taken for granted in democratic societies. However, there remain many questions to be asked and subject to scrutiny particularly those relating to the conduct of the war in its final stages dealing with the internationally displaced persons (IDPs).

On the debit side, it should not be overlooked that this success was achieved at a heavy human cost with civilian causalities of nearly 70,000 and an estimated toll of 25,000 in the armed forces (Bhatt and Mistry 2006). Furthermore, these events have no doubt been compounded by the 'immense destruction in terms of loss of life, displacement of people and loss of infrastructure in the North and East, the main theatre of the conflict' (Bhatt and Mistry 2006). Overall, the Rajapakse regime represents a watershed in three key areas: first, even greater executive power and the growing role of the military in political affairs; second, the positioning of Sri Lanka within the new geopolitics of the region and third, the ideological appeal to Sinhalese nationalism facilitated the near collapse of pluralist politics. In all three areas, there has been a 'militarisation of politics' which is likely to have a significant effect on developments in the post civil war period.

Unlike the suppression of the JVP in 1989, the defeat of the Tamil-armed rebellion in 2009 presents a far more complex socio-political scenario fraught with considerable uncertainty and unease. How the future unfolds will of course depend greatly on whether the defeat of the LTTE results in a '*negative* or *positive* peace' (Uyangoda 2003). While the former points to a pragmatic approach to reform, a way of conflict and risk management,

the latter, dubbed a 'positive peace' meaning 'the eradication of conditions that produce and may reproduce conflict' (Winslow and Woost 2004: 202), seeks to confront the underlying causes of the prolonged conflict. It is important in this respect to recognise that peace is not simply a matter of the cessation of hostilities or of promoting forgiveness or reconciliation. Rather, it is more a question of 'new articulations of cultural, economic and political hegemony on global, national and local levels' (Winslow and Woost 2004: 197). Put simply, the new scenario makes heavy demands on having the political will and vision to confront the underlying causes of the prolonged conflict, all of which point to 'multiple effects of economic, political cum-constitutional, educational and cultural factors (such as language and religion)' (Gamage 2006: 10).

Much of what underpins the evolving future scenario as regards far-reaching social, economic and political changes arising from these events will be severely constrained and circumscribed by the high priority given to achieving the military objectives in dealing with the civil war. What is abundantly clear is that the civil war considerably strengthened the ideological shift from welfare to warfare which, as we have shown, originated in the 1980s (see Chapter 8). This, among other considerations, was markedly evident in the allocation of government resources especially for defence expenditure. Hitherto, the budgetary allocation for defence constituted a miniscule part of public expenditure of less than 0.5 per cent of GDP in the 1970s and 1 per cent in the 1980s. This increased to around 6 per cent in the decade 1990–2001, but declined to a little over 4 per cent following the CFA brokered by Norway (Reddy 2006). However, with the ending of the CFA and escalation of the conflict after 2005, there was a dramatic increase in the strength of the armed forces and para military forces to approximately 265,000 in 2008.

Consequently, Sri Lanka ranks as 'the most militarized country among the South Asian countries with 8000 military personnel armed per 1 million population' (Bhatt and Mistry 2006). What is more, even after the defeat of the Tamil insurgency in 2009 and the adverse effects of the global financial crisis, the Rajapakse government has proposed a further increase in the strength of the armed forces to approximately 300,000 to meet the continued security threat. It is clear that this represents not just a continuing militarisation but a more fundamental transformation of the domestic political economy of the country. There is no doubt that estimates of defence and military expenditure (MILEX) as revealed in official documents of the GOSL are not very reliable and very likely an underestimate. Clearly, defence expenditure has become a major component of public

expenditure during the past decade.[5] What this record expenditure on defence—one of the largest among conflict-ridden countries—highlights is that the 'Sri Lanka economy is in dire straits' (Saravananthan 2008).

As several studies of the economic costs of the conflict have shown, there is no doubt that an increased MILEX has retarded economic growth (Arunatilake et al. 2001; Kelegama 2006; Sarvananthan 2008). With the cessation of hostilities, in taking stock of what lies ahead in the foreseeable future, it is abundantly clear that the sophisticated and complex military establishment that has emerged in recent times has changed the social and political contours of the country markedly. At the same time, a logical sequel to this pattern of heightened defence expenditure was 'the deceleration of social expenditure ... [with] a profound negative impact on human development indicators' (Chaitanya 2005). Since 1995, in Sri Lanka, defence expenditure as a proportion of total government expenditure has consistently 'far exceeded that of total social expenditure' (Saravananthan 2008).

This trade-off in the allocation of government resources, as in Latin America (Apostolakis 1992), had all the makings of the proverbial dilemma of warfare and welfare (guns versus milk). In addition, there is a growing body of comparative research evidence testifying to the 'assumption of an explicit trade-off between defence expenditure and welfare expenditure' (Hirnissa et al. 2008). This regrettably will only serve to exacerbate, as we have endeavoured to show, the already existing adverse human effects of the post-1977 neo-liberal open economy. This is perhaps one of the most significant and disturbing outcomes of the increased defence expenditure and the escalation of the conflict since 2005. Put simply, the defence burden represents a massive shift of resources away from welfare enhancing functions.

The widening of the gap between defence and social expenditure as a proportion of total public expenditure since 1995 has had a profound negative impact on human and social indicators (Sanderatne 2000; Saravananthan 2008), and the most likely outcome of this deepening gap will be the further *inequalisation* of Sri Lankan society. Whatever the positive effects on economic growth military and defence expenditure is 'paid for by increased inequality and reduction in the provision of the basic needs for the poor' (Moon 1991: 162). Only if MILEX reverts to pre-conflict levels of around 2 per cent per capita GDP, could there be any improvement in the social indicators relating to the quality of education, health and other social sectors (Bhatt and Mistry 2006). The full impact of this crowding out of social expenditure in comparison with the increasing

defence expenditure remains to be acknowledged and understood as one of the most deleterious effects of the protracted civil war of nearly 25 years, and these are unlikely to be countered by a fragile peace following the military victory.

This pattern of defence expenditure highlights the extent to which Sri Lanka has dwarfed other countries such as India and even the military state of Pakistan (until the fall of the Muzaraf regime) as the most militarised country of South Asia (Bhatt and Mistry 2006). The militarisation of the Sri Lankan polity was a political and social process which first emerged in combating the armed rebellion of the JVP of the 1980s (Fernando 1991), and gained momentum post-1983 with the Tamil insurgency. Conceptually, 'militarisation' is best understood as a 'process by which norms, institutions, and other aspects of society are penetrated, dominated or influenced by the military establishment' (Chinawanno 1985: 111).[6] Besides, according to Galtung (1985), a military system implicit in any concept of militarisation has to be understood in terms of the conflict formation with which it is linked.

In the Sri Lankan context, this was not just a matter of two armed rebellions and insurgencies involving people in the periphery against the centre, the state, but also one which was enmeshed within two nationalisms—of the Sinhalese and the Tamils. A salient feature of this dual nationalism was that one fed off the other and underpinned the militarisation of the polity. The blending of Sri Lankan nationalisms and militarisation has witnessed a serious disfigurement of the Sri Lankan polity hailed as a model democracy in the developing world (Kadirgamar 2008). Considering Sri Lanka's long history of commitment to, and engagement with, a liberal political order and democratic political institutions, a powerful military establishment could on the grounds of 'legal exceptionalism' (L. Jayasuriya 2007; Loveman 1993; Manoharan 2006) readily seek to subvert the democratic process.

Militarisation which became evident throughout the 1980s and 1990s is reflected in nearly three decades of continuous emergency rule that has given the Presidency enormous power to act extra constitutionally.[7] This trend towards the use of Emergency Powers has become more apparent with greater resort to use of anti-terrorist legislation to deal with the insurgency. With the advent of the Rajapakse regime in 2005 and the decision to adopt a full-scale military offensive in combating the Tamil militants has served to strengthen moves to act outside the rule of law and the normal democratic processes. But more importantly, this strategy to place the country on a war footing has given the military establishment

greater strength and at the same time enhanced its political influence. In short, this has given the military a free hand in all areas of national life to such an extent that 'public space is now military space' (Lawrence 2008). As a result of the military establishment penetrating deeply the institutions of civil society, the citizenry have come not just to depend on but feel obliged to the military for its well-being (de Mel 2007).

The politicisation of the military is of course fraught with the distinct possibility of Sri Lanka in the new order becoming not just a 'garrison society' (Lasswell 1936) but one where the military establishment seeks to enter into coalition with other civilian interest groups and take centre stage as the new power élite. This suggests that the military is now well placed to exploit to its advantage the linkage between the masses of the rural population and Colombo-centred urban élite who manage social political institutions. What stands out from the politics of the earlier era of the social democratic state is not simply the growing power of the military but the broader militarisation of the institutional fabric and norms of civil society.

With the end of the civil war, the collapse of Sri Lanka's 'Berlin Wall', what we have, is a political climate conducive to militarism which is more characteristic of the political systems and culture of several Latin American countries, as well as Burma, Indonesia, Thailand and Pakistan (Richardson 2006). In these countries, the military is seen to exercise dominance over the political will as embodied in the social and legal institutions of the country. Militarism enters the language of political discourse as a counterpart of 'civilianism' only when military considerations begin to have a decisive influence on civilian governments (Berghahn 1981). Analysing the role of the military in the political development of new nations, Janowitz (1964) refers to the ways in which 'the organisational and professional qualities [of the military] make it possible to accumulate political power' (Janowitz, quoted in Berghahn 1981: 73) such that they were in a position to manipulate domestic politics in the interests of the military establishment.

Admittedly, militarism can take different forms depending on sociocultural, historical and ideological factors (Janowitz 1964). Thus, for instance, in some instances, we may find the military de jure but not de facto being subordinate to the civilian power and in others it maybe the case of where the constitution of a civilian polity has strong authoritarian powers closely linked to the military establishment. Therefore, social and political theorists in the liberal tradition have tended to regard militarism as being detrimental to the interests of the mass citizenry. The extensive literature on the role of military in economic development

suggests that the military shapes social outcomes. For this reason, it is clear that 'socio-economic development presumes success in constraining domestic militaristic tendencies' (Wolpin 1981: 14). Militarism is clearly a 'corrupting influence' which is likely to deflect the spirit of a nation from its 'development towards a free society and its ability to use its liberty' (Berghahn 1981: 17) for the betterment of society. In short, militarism is anathema to Sri Lanka as a liberal democracy built around democratic political institutions such as the legal system and the rule of law.

The changing trajectory of the Sri Lankan polity driven by the politics of fear and security in the aftermath of the dramatic end to the long drawn out civil war is bound to have far-reaching implications for the future of the distinctive brand of social development pioneered in Sri Lanka. Above all, it was a model cast within a framework of democratic politics in a society deeply entrenched in a vibrant and free civil society within an active, mature liberal political culture committed to achieving a greater measure of equity, social mobility and justice. Though this political order and its associated liberal political culture has now being replaced by an authoritarian constitutionalism, some elements of the earlier Sri Lankan social model are still visible in a muted form. Looking to the future, a prior condition not just for negotiating the peace process but equally for reclaiming the social democratic state is the unwinding of the Presidential Executive system of government. Indeed, as Meyer rightly observes, 'any form of devolution is inconsistent with an authoritarian presidential system' (Meyer 2009: 3). However, if the military establishment continues to be in the ascendancy and there is a sustained militarism, the prospects of restoring the collapsed Sri Lankan social democratic state which nurtured a unique form of the welfare state will remain bleak and uncertain.

July 2009

Notes

1. Uyangoda (2007) provides a useful account of the changing dynamics of the ethnic conflict; see also Gamage (2006) and Sahadevan (2009) for an analysis of the conflict and the likely outcome.
2. See International Crisis Group (2007) for a succinct overview of the ideology and policy strategy of the Rajapakse regime.
3. See Bhatt and Mistry (2006) for a well-documented account of the resources employed in the conduct of the civil war and an assessment of the human, military and economic costs of the conflict.

4. See Richardson (2006) for an account of Latin American experience in defeating terrorism with military governments.
5. Saravananthan (2008) provides a useful and well-documented account of defence expenditure as well as a comparison with social expenditure. See also Arunatilake et al. (2001) and Bhatt and Mistry (2006).
6. de Mel (2007) in a pioneering study examines the impact of militarisation, in particular, militarized violence on diverse aspects of civilian life.
7. Fernando (1991), Gunesekera and Gunesekera (1995) and Manoharan (2006) examine the use of emergency powers to circumvent normal constitutional processes and rule of law.

Afterword

The perspectives in this book are quite different to much of the previous analyses of the Sri Lankan social development experience. This volume explores the genesis of, and factors responsible for, the adoption of social policies that enabled Sri Lanka to achieve higher levels of social attainments than expected at her level of per capita income. The historical, social and political dynamics in the evolution of social policy in Sri Lanka are covered comprehensively and authoritatively in this volume.

The conceptual and theoretical discussion of social policy in the first two chapters is an appropriate backdrop to the analysis of Sri Lanka's social democracy. It places much emphasis on the ideological foundations of social policy dating back to British schools of thought and experimentation on social welfare. This analysis of social development as an aspect of social policy is an unassailable explanation of Sri Lanka's evolution of welfare policies.

What is surprising is that such a perceptive analysis took so long a time to appear. There were historical, social and ideological aspects in some of the analyses of social development (Abeysekera 2006; Alailima 2006; Alailima and Sanderatne 1997; Gunatilleke 1985). Yet, these were not comprehensive analyses of the origins of social policies, but they were references en passé.

There are many reasons for this lacuna. Most analysts of Sri Lanka's social development were economists whose interest in social development was in the explanation of how and why Sri Lanka was a forerunner in social attainments despite her relatively low per capita income. They focussed on two issues. Could a country with a low per capita income achieve high social indicators? And, the most controversial issue, whether Sri Lanka's case was one of a trade-off between social development and economic growth.

In the view of several economists, the Sri Lankan experience exemplifies the possibility of achieving human development even at relatively low levels of per capita incomes (Dreze and Sen 1999; Sen 1981a, 1999). They have pointed out that Sri Lanka was able to achieve levels of life expectancy and mortality that are much better than many countries with higher levels of per capita income (Sen 1981a, 1999: 46–47). Others have been quick to

argue that the welfare orientation was responsible for the relatively tardy economic growth (Bhalla and Glewe 1986).

This controversy took a different turn when Amartya Sen added a further perception. He pointed out that the goal of economic growth and increases in per capita incomes is to achieve human development, and therefore if a country achieved that objective even before attaining high levels of per capita income, then it had achieved the objectives of economic growth.

This is not the debate that Jayasuriya explores. It is the historical, political, social and ideological origins of social policy in Sri Lanka. He deals extensively with the ideological character of the influences in the genesis of social policy.

Two ideological influences on Sri Lanka's social welfare policies were the influence of Buddhism and Buddhist values that went in tandem with Western ideas of social justice. Gamini Abeysekera contends that the secular teachings of the Buddha were influences on rulers from ancient times and that the provision of basic needs of food and health were obligatory on rulers (Abeysekera 2006). How these Buddhist values permeated state policy remains to be explored.

British ideas of social policy permeated the political milieu through prominent Sri Lankans who studied in England, especially from those who studied under Harold Laski at the London School of Economics. They were a potent force in the country's politics through the Trotskyite party, the Lanka Sama Samaja Party that was a significant political pressure group and influence till the 1970s.

In the competitive electoral politics that emerged with the granting of universal franchise in 1931, the role of the dynamic Marxist opposition was significant in spurring the government to improve social conditions. The Suriyamal movement of the 1930s organised by the Trotskyite Lanka Sama Samaja Party (LSSP) and Communist Party to collect funds for malaria victims impelled the government to improve health facilities. The constant espousal of an egalitarian society by these parties was a significant factor in the government maintaining a welfare structure. The ruling élite may have also viewed the social welfare policies as a countervailing political strategy.

In an Afterword, one could perhaps be permitted to indulge in some observations that are tangential to the focus of the author in the expectation that these would add some value of the study. The Sri Lankan social development experience exemplifies the susceptibility of a state welfare system to overall economic conditions. Strong political commitment ensured

that the core of the welfare system was maintained in spite of severe economic strains but the expansion and quality of the welfare measures have suffered in recent years due to financial constraints (Sanderatne 2000: Chapter 5).

The political commitment to social development since the grant of universal franchise in 1931 was an important factor in the maintenance of the country's social development policies. In the early years and till the late 1950s, the availability of resources enabled a smooth implementation of the free education and health policies and a food subsidy. The subsequent economic difficulties were inevitable influences in the implementation of the country's social welfare measures. Inadequate economic growth and public revenues and competing public expenditures were stumbling blocks to Sri Lanka achieving higher attainments in human development.

Unlike the 1950s, the 1960s witnessed severe economic strains that initially impacted on the country's capacity to maintain its widespread social welfare system. The declining terms of trade on account of depressed prices for the country's primary commodity exports and increased prices for rice, fertiliser and petroleum imports, resulted in a severe balance of payments problem and a crunch in the public finances. Although free medical services was an entrenched national policy and all political parties subscribed to it, the difficult financial conditions, high cost of imported medical equipment and drugs and the exodus of doctors eroded the quality of public health services.

Despite these difficulties, total welfare expenditure increased to a peak 10.5 per cent of GDP in the first half of the 1960s. This was mainly due to the increased expenditure on the food subsidy, which by itself absorbed 3.7 per cent of GDP. Health expenditure remained at 2 per cent of GDP during 1961–65. Despite the deteriorating economic conditions, the allocation for education reached a high 4 per cent of GDP during 1960–65.

In the second half of the 1960s (1966–70), total welfare expenditure was cut down to 9 per cent of GDP. Expenditure on health and education fell to 1.8 and 3.6 per cent of GDP, respectively. This reduction in public expenditure on health was during a period when the full thrust of the rapid population increase of the 1950s and 1960s was having its impact. The cutback in educational expenditure was the initial step in weakening the public education system.

The severest curtailment of expenditure on health was in the 1970s when economic conditions became particularly acute. The 'socialist' government of 1970, though ideologically committed 'to maintain those social welfare measures which are an integral part of our social fabric' (Government of

Sri Lanka 1971: Budget Speech), was compelled to cut health expenditures owing to weak economic conditions.

Between 1971 and 1977, health expenditures fell to 1.3 per cent of GDP, which was itself growing slowly at 2.8 per cent per year. The unfavourable global economic environment and external shocks, particularly the two oil price hikes, the international food crises, drought conditions in the country, poor economic management, inadequate public revenues and severe constraints in foreign exchange resources, resulted in a reluctant curtailment of social expenditure in the 1970–77 period. The insurgency of 1971 resulted in increased expenditure on defence, and for the first time, security expenditure became a significant item of government expenditure.

The stringent public finances resulted in the poor maintenance of medical facilities and equipment. Not only was the expansion of the health system impeded but its quality and capacity weakened at the very time when morbidity increased. This period also witnessed an exodus of medical personnel, particularly doctors. The shortages of food and high rates of unemployment resulted in high levels of malnutrition. Surveys disclosed that 25 per cent of school children suffered from chronic malnutrition and 6 per cent of acute malnutrition (Alailima 1985: 31–40). These years witnessed the emergence of diseases associated with acute malnutrition that were not evident for decades.

The achievements in human development indicators were therefore tardy. Although mortality rates continued to decline during these years, morbidity continued to be high and the rate of decline in mortality was less impressive. Infant mortality, which had declined from 82 to 57 per thousand between 1955 and 1965, declined to only 53.2 in 1965 and 47.5 in 1970. After falling to 46.3 in 1973, it actually increased to 51.3 in 1974, but declined thereafter to reach 37 per thousand in 1978. Child mortality declined very slowly during this period and was relatively high at 6.2 per thousand in 1975.

The financial difficulties impacted on education as well. The allocation for education fell below 3 per cent of GDP for the first time since independence. The curtailed expenditure was adequate to meet only the essential recurrent expenditures, such as teacher salaries and the cost of expansion of schools necessitated by increased school enrolment. There was a set back to the quality of education as a consequence.

Adult literacy continued to increase during this period, from 71.6 per cent in 1963 to 78.5 per cent in 1971 and 87.2 per cent in 1981. Female literacy rose from 63.2 per cent in 1963 to 70.9 per cent in 1971 and

83.2 per cent in 1981. School enrolment declined between 1960 and 1972 and improved thereafter to the level in 1960 by 1977. Female school enrolment caught up with male school enrolment during this period.

The experience of this period illustrates the vulnerability of a state welfare system to overall economic conditions. The story of Sri Lanka's social development is one of 'Early gains and later strains' (Sanderatne 2000). Nevertheless, it is noteworthy that through more than a decade of economic crisis from the 1960s, the core of the welfare system was maintained.

Although expenditure on health, education and other welfare measures was not as adequate as before and were modified owing to stringent financial conditions, the government continued to provide basic welfare measures. The financial strains resulted in the inability of the state to continue providing a quality-free medical and education system and a universal food subsidy rather than the elimination of the welfare package. The basic social welfare policies, though inadequately funded, remained in tact owing to social welfare measures being an integral part of the country's social and political foundations. The social milieu and the competitive political process were surely the reasons for such commitment to social welfare expenditure in the face of severe economic difficulties.

Although Sri Lanka's social attainments are quite impressive, economic strains have been mainly responsible for a somewhat tardy rise in several indicators in the last two decades. Sri Lanka's post-independence experience brings out the divergence between political commitment and economic capacity and the vulnerability of social development programmes to the vicissitudes of economic fortunes of a poor economy dependent on global developments. In the initial years after independence, the structure of the economy, which emerged from colonial rule, enabled the government to tap resources from the developed and more productive plantation agriculture to provide the resources for the welfare package. By resorting to a high rate of taxation from the export plantation crops, tea, rubber and coconut, the government found the resources to finance the welfare programmes. Subsequently, when international prices of plantation crops declined in the late 1950s and 1960s, the shortfall in government revenue, the deteriorating terms of trade and shortages in foreign exchange, made these programmes not only difficult to expand but even a strain to service them adequately. A qualitative deterioration became inevitable. Since governments were extremely reluctant to curtail these welfare programmes and expenditures, they resorted to high levels of taxation, which jeopardised the plantation industry.

The country's capacity to pursue broad-based social development programmes were also affected by the demands of other large expenditures, particularly defence. In the initial years and till the 1970s, Sri Lanka had a very low defence budget and debt-servicing costs. Revenues, which otherwise may have been spent on defence, were used to enhance the welfare programme. But since the 1970s, these expenditures have grown and made the financing of welfare programmes ever so difficult. The civil war in the last three decades increased defence expenditure, public debt and debt-servicing costs. Consequently, health and education expenditures were grossly inadequate for quality medical and educational facilities.

Sri Lanka's social development experience exemplifies most forcefully that overall economic conditions have a direct and an indirect impact in the provision of welfare services even though the adoption of the welfare measures were due to non-economic considerations. The slow growth of the economy in the 1960s and most of the 1970s resulted in difficulties in sustaining free medical services at levels that would have pushed Sri Lanka's health to even better levels of achievement.

An important aspect of social development has been the far-reaching impact of social development on the country's demographic changes. These have in turn had the most pervasive impacts on the country's social, political and economic development. The country moved through the three phases of the demographic transition that took over 150 years in Europe in the relatively short period of five to six decades. This was no doubt due to the effectiveness of the country's social policies.

Sri Lanka entered the second phase of the demographic transition just before independence in 1948 owing to the sharp curtailment of the death rate, without an accompanying decline in fertility. The expansion of medical facilities by a free health system was mainly responsible for the country moving into the second phase of high population growth from the 1950s to the 1970s. These demographic developments are closely related to the social developments the country underwent. Social policies discussed in this book resulted in the reduction of the mortality rates and a sharp increase in population. On the other hand, this surge in population was an enormous strain on the economy and resulted in unemployment and social tensions. This was especially so as the growth in population was catered to by the free education system and in the fullness of time transformed into a massive problem of educated unemployed. This was the fundamental cause for the youth insurgency of 1971. The parallel development of the ethnic tensions that have engulfed the country for the last three decades

or more have roots in this surge of educated youth, though there were significant political factors as well.

Today population growth is a little over 1 per cent per year. Improvements in health, literacy and food availability played an important role in this development. These demographic developments with their far-reaching impacts have no doubt been a result of the social welfare policies of successive regimes. Further reduction in the momentum of population growth, a stabilisation of Sri Lanka's population around the third decade of the 21st century and the ageing of the country's population in the next few decades poses serious economic and social concerns, as well as provides new opportunities for development. A reorientation of social welfare policies to care for the elderly and their emerging problems is today's need.

Professor Jayasuriya demonstrates that the genesis of social policy was rooted in ideological, philosophical and political reasons. It was not conceived of as an integral part of economic policy. This was made possible by the relative prosperity of the country and the means of taxation available during the pre-war years and for about a decade after. When economic strains began to appear the robust political commitment and the competitive nature of the country's politics sustained the social welfare system albeit with some degree of sacrifice in tits quality and expansion.

Without the ideological origins of social policy that Professor Jayasuriya explores in this book, the story of Sri Lanka's social, political and economic development would have been very different.

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Index

All Ceylon Buddhist Congress, 113
alliance politics
  nationalist and left, of, 132
altruism, 59
Amartya Sen
  work on ethics of development, 41–47
asset-based welfare, 29–30
asset ownership
  community, in, 28

basic needs
  concept of, 37
Beveridge Report (1942), 100
Bi-polar political system, 110
Bonapartist state, 140
Bretton Woods financial system
  breakdown of, 36
British Colonial rule
  features of, 132–34
  reform movement in 20th century
    gaining of strength, 91
British liberalism
  ideology imposed, on Sri Lanka, 101

Ceylon National Congress (1919), 91
Ceylon Social Reform League (1905), 80
Chilean Pension model, 26
citizenship
  features of, 53
  integration through, 57–59
  Marshall work on, 50
  Reisman on, 54
  Participation and (*see* Participation and citizenship)
  regeneration of, 168–72
  rights and equality, 51–55
Citizenship Act (1948), 109
Civil rights, 52
civil society
  impact of, 92
civil war
  between Sri Lanka and Tamil militants, 3
class fusion, 59
Colebrooke–Cameron Reforms (1833), 69, 70
colonial economy, 72
colonial policy
  problem of, 102
commodity approach, 35
common possessions
  Marshall focus on, 58
communal participation, 60
communitarian theory, 61
Conservative/Corporatist welfare state, 21
conservative government, 143
  programme, in post-colonial era, 150
control regime
  emergence of, 140
Copenhagen World Summit on Social Development (1996), 15
Crop Insurance Act (1961), 119
cultural nationalism, 110
cultural nationalist movement
  emergence of, 91
Cumpston Report, 114–15

democratization
  colonial state, of, 101
Department of Social Services
  functions of, 122–23
development
  ideology of
    failure of, 36
distributional equity, 110
Donoughmore Commission Reforms (1931), 69, 89, 90
dual society, 79

East Asian model, 25
Education Act (1870), 103
electoral democracy, 89
Electoral politics
and welfareism
education and health, 95–98
public health, 98–100
Enabling state
and welfare state (*see* Welfare state and enabling state)
enclave economy, 72
Employee Provident Fund (EPF), 117, 118
equality
Marshall on, 53–54

Fabian socialist, 92
fair shares, 54
Fiscal crisis (1970), 22
food subsidy
during war period, 100
Free market welfare state, 20–21

Garrison society, 185
Gaullist style Executive Presidential system, 7
Gender-related Development Index (GDI), 2
Gross National Product (GNP), 1

Hamlin Report on Children's Services, 122
Human Development Index (HDI), 1–2, 39
Sir Lanka ranking, in 2007, 2
human need(s)
classification of, 16
Human Poverty Index (HPI), 2

indirect rule, 89
Industrial-achievement' model, 20
integrative citizenship, 58
International Labour Organisation (ILO), 37
Internationally displaced persons (IDPs), 181
International Monetary Fund (IMF), 35

Janasaviya scheme, 144–45
Janatha Vimukthi Peramuna (JVP), 179
suppression of, 181

Jennings Report on Social Services, 116
jury system, 5

Kannangara Report, 112, 115
Keynesian welfare ideology, 20

laissez faire economics, 91–92
liberal market welfare state, 20–21
Liberation Tamil Tigers of Elam (LTTE), 178
civil war between state and, 179
measures taken by Rajapakse government, 180
military victory, in 2009 against, 181

market socialism
doctrine of, 165–66
Miller on, 166
Marshallian citizenship, 51
Maslow's hierarchy, 16
medical pluralism
Sri Lanka, in, 115
Million Houses Development Program (MHDP), 121
minority politics
pre-independence era, of, 109
missionary organization
function of, 102
mutual aid, 59
Myrdal's notion
integrated development, of, 37

National Housing Act (1954), 120
National Insurance Act (1922), 103–4
Nationalist ideology, in Sri Lanka
nature of, 8
National Symposium on Changing Needs of Children Report, 144
negative rights, 52
neo-classical economics
dominance of, 38
neo-liberal economic policy, 2
Sri Lanka of, 3
New International Economic Order (NIEO), 37
Newnham report, 99
New social policy(ies), 28
emphasis on asset ownership, in community, 28
and welfare state, 28

Oil crisis (1970), 36

Parliamentary system of government, 109
participation
  and citizenship, 55–57
  in public domain, 61
Perry Report (1905), 81
policy analysis, 17
policy theory, 17
political citizenship, 52
politicised university, 97
Poor Law Ordinance (1939), 99
post-colonial state,
  Sri Lanka, of, 7
pre-independence period (1931–48)
  Characterized by semi-autonomous government, 90
Private Quality of Life Index (PQLI), 1
privatization
  services, of, 23
productive welfare, 25
Protestant Buddhists, 91
public policy
  UK, in, 18
  USA, in, 18

reciprocity
  Marshall view on, 60
regime
  notion of, 19
regulationism policy, 29
Rent Restriction Ordinance (1942), 120
residual welfare, 19–20

Samurdhi programme, 145
Semi-autonomous system government
  under Donoughmore Constitution (1931), 94
Semi-feudal traditional practice
  abolition of, 71
Sinhalese nationalism, 8
Sinhalese Buddhist nationalist movement, 91
social citizenship, 52
social conflicts
  since 1980 in, Sir Lanka, 3
social corporatism, 28
social democracy
  Sri Lanka experience of, 146–53
social democratic/Scandinavian model of welfare state, 21
social development
  early influences, in Sri Lanka, 76–80
    health and labour welfare, 80–85
  policy of Sri Lanka, in 19th century, 83
  re-emergence of notion, 34
social inclusion concept, 22
social integration, 60
  pluralism relevance, 61–62
social investment model, 168
social liberalism, 104
Social market economy (SME), 29
social market welfare state, 21
social policy, 4, 17
  aspect of public policy, 16
  concentration of, 16
  industrialized countries, in, 18
  main thrust for analysis of, 16
  present day, 19
social rights, 52
  as positive rights, 53
  Marshall's exposition of, 53
  universality of, 59
Social safety net' approach, 27, 30
social security
  Chilean approach to, 26–27
  schemes, components of, 116
Social Service League (1915), 92–93
social welfare
  pluralism of, 27
  provisions of
    housing and public utilities, 119–21
    social care services, 122–27
societal corporatism, 167
Soulbury Constitution (1948), 108
Sri Lanka, 6
  British colonial policy success in, 101
  challenges for, 172–74
  colonial social policy in, 103
  early achiever of five MDGs, 2
  end of dynastic politics, in 2004, 179
  experience over five decades, 1
  high level of social expenditure, in post-independence era, 139
  human development, achievement in, 6
  middle-to-low-income country, 1

modernisation and early colonial state of
church and modernisation as westernization, 74–76
governance and judicial reforms, 70–74
omission from cited countries, 3
Passfield role in reform movements of, 93
premier colony under British rule, 5
Rajapakse decision, on Tamil in north, 180
regime change, 1977, 141
success of development of, 1
Sri Lankan Freedom Party (SLFP), 110
Structural adjustment programme (SAP)
objective of, 38
System of national income accounting (SNIA), 39

Tamil nationalism, 8
third world
industrialisation in, 38
third sector
meaning of, 28
third way
challenge of, 161
meaning of, 158
Titmuss' typology
threefold welfare system, 19
Transnational companies (TNCs), 37

underdeveloped, 34
problem of
for development economics, 35
United Nations Development Programme (UNDP), 39
United Nations Research Institute for Social Development (UNRISD), 39
Universal franchise, 5
adoption in, 1931 constitution, 89
Shield recommendation, on grant of universal suffrage (1931), 93
universal support method, 100
university education system, 96
utilitarian moral theory, 36
utilitarianism, 71

vague egalitarianism, 103
Voluntary Social Service Organization Act, 124

Wedderburn Report, 99
welfare(ism)
and electoral politics (*see* Electoral politics and welfareism)
Marshall views on, 50
Sri Lanka experience of, 146–53
welfare capitalism
Esping-Andersen's three worlds of, 21
welfare consensus
dissolution in West, 158
Welfare regime(s) model
classification of, 24
Gough and Wood, of, 26
welfare state, 19, 127–30
crisis in 1970, 22, 134
decline of, 140–46
enabling state and, 23
foundation of, 111–19
Sri Lanka, 111
models of, 20–21
purpose in democratic system, 54
transformation of, 162–65
typology of, 20
well being
notion of, 16
Westminster-style political system, 7
collapse of, 134
Widows and Orphans Pensions Scheme (WOPS), 117
Work first' ideology, 30
Workmen's Compensation Ordinance (1933), 84
World Bank, 35
World Summit for Social Development (WSSD) (1995)
discussion on development crisis seriousness, 33

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[A] scholarly book of singular importance ... Sri Lanka may have had no Nelson Mandela to bring a statesmanship of Reconciliation, but it still has the wise reflections of this deep thinking and humane scholar.
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This book presents a historical and analytical overview of social development in Sri Lanka within a social policy conceptual framework. The author identifies three distinct phases of development of social policy in the country—that of the *early, late* and *post colonial* state. Further, he shows how Sri Lankan social development has since been reframed by a combination of neo-liberalism and a protracted civil war. This shift from the country's unique social welfare structure to one marked by warfare is examined in the context of the impact of a new 'welfare regime' on its society.

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ISBN 978-81-321-0465-0

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